Railway Age

With which are incorporated the Railway Review, the Railroad Gazette and the Railway Age-Gazette. Name registered U. S. Patent Office.

Vol. 105 | July 2, 1938 | No. 1

In This Issue

The Railway Age is indexed by the Industrial Arts Index and also by the Engineering Index Service

Published every Saturday by the Simmons-Boardman Publishing Corporation, 1309 Noble Street, Philadelphia, Pa., with editorial and executive offices: 30 Church Street, New York, N. Y., and 105 West Adams Street, Chicago, Ill.

CLEVELAND
Terminal Tower

WASHINGTON
1081 National Press Building

SEATTLE
1038 Henry Building

SAN FRANCISCO
485 California Street

LOS ANGELES
530 West 6th Street

The Railway Age is a member of the Associated Business Papers (A. B. P.) and of the Audit Bureau of Circulations (A. B. C.).

Subscriptions, including 52 regular weekly issues, and special daily editions published from time to time in New York, or in places other than New York, payable in advance and postage free. United States, U. S. possessions and Canada: 1 year, $6.00; 2 years, $10.00; foreign countries, not including daily editions: 1 year, $8.00; 2 years, $14.00.

Single copies, 25 cents each.

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RAILWAY AGE

Fixing Railway Wages and Rates Under Existing Laws

We summarize as follows the principal points made in an address delivered recently before the National Industrial Conference Board by W. A. Harriman, chairman of the Union Pacific:

"Leadership in management and labor has a grave responsibility. * * * If we can go to government with united objectives, we can expect and obtain co-operation from government. If there is to be real co-operation, I contend that the co-operation must begin between management and labor, voluntarily and through private initiative. * * * The time has come, if not already overdue, when the leaders in this country must view problems from a national standpoint, and not only from the standpoint of the particular interests they represent. It is often said that this country has been ruled by organized minorities. * * * Minorities are beginning to realize that their gains are more than offset by the net loss to the country as a whole." Mr. Harriman pointed out as an example of co-operation, despite the current wage dispute, the "constantly improving relationship that has developed between labor leaders and management in the railroad field. * * * I am convinced that some permanent organization should be set up, in which both labor and management participate, for the analysis of economic problems and the development of national policies on subjects of common interest."

Whom Do Labor Leaders Represent?

The views expressed by Mr. Harriman are similar to those expressed by George M. Harrison, chairman of the Railway Labor Executives' Association, in a recent address before the Chicago Association of Commerce, excepting as regards one very important point. Mr. Harrison said nothing with reference to the public interest in agreements between management and labor. Mr. Harriman said the time has come when "the leaders in this country must view problems from a national standpoint, and not only from the standpoint of the particular interests they represent."

It is high time to raise more emphatically than has heretofore been done the question whom representatives of labor and management actually do represent when they sit down on opposite sides of a table to bargain collectively or to confer regarding matters of "common interest." This question is especially pertinent at the present time with respect to the situation on the railways. Whom did the labor leaders and the Carriers' Conference Committee represent during the negotiations resulting in wage advances last year? Whom do they represent in the current controversy regarding the proposed wage reduction?

The three principal parties in interest are railway employees, railway security-owners and the public. The labor leaders expressly disavow any concern on their part regarding the security-owners. On the contrary, they contend that the value of the securities should be completely destroyed if this is necessary in order to pay employees "reasonable" wages. Nor do the labor leaders make any claim that they represent the public, unless their contention that high wages increase mass purchasing power and therefore are in the public interest should be so construed. They tell management that the public should be charged high enough passenger and freight rates to enable the railways to pay a "cultural" wage, and that it is the duty of management to get such rates from the public. The labor leaders claim to represent employed as well as unemployed railroad men; but can they logically claim to represent the unemployed when their policy of demanding, under present conditions, higher wages than were ever paid before obviously increases the number of unemployed?

Whom Does Management Represent?

The Carriers' Conference Committee represents the management of the entire railroad industry. But who does management represent? This may seem a strange question to ask; but let us see whether it is. Suppose that management should say it was not concerned regarding the welfare of either the railroad employed or unemployed, and did not in any sense represent them. The labor leaders would be the first to denounce it for so doing, and their denunciation would be endorsed by press and public. But if labor leaders are to represent only employed railroad men, while management must represent both the employed and unemployed, how can management effectively represent also railroad security-owners and the public? How can there be equality in collective bargaining if labor leaders are to disregard every interest excepting that of employees now receiving the highest wages in history, while management tries to represent all interests?

Developments over a long period, and especially within the last year, apparently answer that question. From 1916 to 1936 average output of traffic units per employee-hour increased about 70 per cent, while average wage per employee-hour increased 144 per cent. Economic conditions in general, the railroad situation in particular, and the wages already being paid last year seemingly did not, from the standpoint of unemployed railroad men, or railroad security-owners, or the public warrant a further advance in wages. Nevertheless, management agreed to it, with the result that the average wage per hour is now 170 per cent higher than in 1916. Whose interest did management actually and effectively represent then?

No Inherent Virtue in Collective Bargaining

The labor leaders repeatedly told management that it was management's duty to get a sufficient advance in rates from the public to maintain employment at the higher wages. But legally the Interstate Commerce Commission represents the public in fixing rates; and the commission granted only an inadequate advance. In consequence, the public is now paying higher rates, while the security-owners are suffering heavy losses. And between May, 1937, and May, 1938, the number of unemployed railroad men increased 250,000. All the benefits of the advance in wages have gone to a greatly reduced number of employees. Who, then, in the collective bargaining last year, really and effectively represented the hundreds of thousands of railroad men then and now unemployed, the millions of railroad security-owners and the public?

This series of developments obviously emphasizes some vitally important points that the *Railway Age* repeatedly has emphasized before. There is no inherent virtue in conferences or collective bargaining by labor and management. Whether they are worth while or not does not even depend upon whether agreements are reached. It depends entirely upon whether the agreements reached are economically in the interest of (1) all those that should be employed by an industry, (2) those having capital invested in it and (3) its customers—i.e., the public. Any industry, to contribute to national prosperity, must be able to derive enough gross earnings from the sale of its products or services to enable it to employ as many men and as much capital as it requires to play its necessary part in the national economy. If the labor and management of an industry agree upon wages excessive in proportion to the rates or prices that the customers of the industry are able or willing to pay, it will soon become a depressed industry from lack of sufficient gross or net earnings. If labor and management in industry in general agree upon wages excessive in proportion to the rates and prices that the customers of industry as a whole are able or willing to pay, all industry will soon be depressed; and it will remain depressed until there are downward readjustments of wages, rates and prices that make them satisfactory to the customers. High wages do not make prosperity because a majority of the population do not work for wages; and the market of industry as a whole is the population as a whole, not merely wage-earners.

Some Ruinous Mistakes in Railway Legislation

But how can collective bargaining fail to result in economically unsound agreements if the representatives of those employed by an industry are going to devote themselves exclusively to securing and maintaining higher and higher wages, while the representatives of management are going to try to represent fairly the interests of both the industry's employed and its unemployed, of its security-owners and of its customers? And suppose that, in addition, the representatives of the employed, in carrying on collective bargaining, are going to have the backing of government? How, in these circumstances, can there be equality in collective bargaining? And if there is not equality in such bargaining, how can its results be fair to all concerned and, in consequence, economically beneficent? And if there is great inequality in such bargaining how can its results fail to be disastrous? The present railway situation affords the best answer to these questions.

The developments that have caused the present railway situation seem to demonstrate that important changes made in the Transportation Act of 1920 have been disastrous mistakes.

The Mann-Elkins Act of 1910 deprived railway management of the initiative of fixing rates. With nine years' experience under that act before them, the framers of the Transportation Act recognized that if the Interstate Commerce Commission was to continue to have power to determine all rates, it should be directed by Congress to fix them on a remunerative basis. It was therefore provided in Section 15-A of the Transportation Act that rates as a whole should be so fixed that, under efficient, economical and honest management, the railways by territories, or as a whole, would be able to earn a fair return upon a fair valuation. The framers of the Transportation Act also recognized that, as the payroll constituted about 60 per cent of operating expenses, wages and working conditions were the most important factor in determining what rates the railways must have in order to earn a fair return. The act therefore created the Railroad Labor Board consisting of three representatives of employees, three representatives of management and three representatives of the public, and provided for public hearings and a decision by the board in controversies regarding wages and working conditions.

Effects On Railway Employees

Some railway managements joined the labor unions a few years later in securing the passage of the Railway Labor Act as a substitute for the labor provisions of the Transportation Act. Subsequently, without much railroad opposition, the rate-making provisions of the

Transportation Act, including the recapture provisions, were repealed.

The *Railway Age* both advocated the rate-making and labor provisions of the Transportation Act and opposed their repeal, and we believe that, from the standpoint of the hundreds of thousands of railroad men now out of work and of all the lower paid classes of railway employees, from the standpoint of railroad security-owners, and from the standpoint of the public, the Railway Labor Act and the present rate-making provisions of the Interstate Commerce Act are proved by the present railway situation to be ghastly failures.

Number of Large Classes of Railway Employees, May, 1929, 1937 and 1938

	May 1929	May 1937	May 1938	Per cent Decrease 1938 under 1929	Per cent Decrease 1938 under 1937
Maintenance of Way & Structures	435,735	254,878	181,594	58.3	28.8
Maintenance of Equipt. & Stores	449,801	325,092	224,761	50.0	30.9
Professional, Clerical & General	266,263	176,563	161,396	39.4	8.6
Transportation (Other than train, engine and yard)	193,087	135,074	120,447	37.6	10.8
Transportation (Train and engine service)	306,765	236,194	192,906	37.1	18.3

We give in an accompanying table statistics showing the number of each class of railway employees in May, 1929, 1937 and 1938. Only a glance at them is needed to show that, both relatively and absolutely, the greatest reductions of employees have been in the classes that are the poorest paid and that the smallest reductions have been in the classes that are the highest paid. The reduction in the number of maintenance of way employees, the lowest paid class, has been 58 per cent since 1929 and 29 per cent within the last year. On the other hand, the reduction in the number of train and engine men, the highest paid class, has been only 37 per cent since 1929 and 18 per cent within the last year. Collective bargaining under the Railway Labor Act has operated steadily to provide higher wages for a smaller number of employees and to deprive of employment a relatively increasing number of the lower paid.

Effects on Security-Owners and Public

The present financial plight of the railroads is all that is needed to show the ruinous effects upon security-owners that have been produced by developments under the Railway Labor Act and the present rate-making provisions of the Interstate Commerce Act. As to the public, it can hardly be said it has been benefited by these two pieces of legislation when the railroad industry is in imminent danger of general bankruptcy and of becoming unable to continue operation under private ownership.

Whatever may be the outcome of the collective bargaining regarding wages now beginning between railroad management and representatives of the 900,000 railroad men still employed, it looks as if solution of the railroad problem under private ownership cannot be accomplished unless existing labor and rate-making provisions of federal law are soon and radically revised.

Engineer Gets $35 a Day, Works 10 Days a Month

There has been a general increase in the speed of trains, both passenger and freight, which permits train and engine service employees, under the dual basis of pay, to make more pay in much less time than formerly. The mileage that men may make in a month is generally regulated by their own organization and, after a man has made the mileage allowed, he is not permitted to work any more during the month. As a result, many men make less money than they could make if permitted by their organizations to work without such mileage restrictions. Numerous locomotive engineers in all parts of the country make their monthly mileage by working from 10 to 20 days during the month, and receive pay of from $250 to $350 per month. . . .

On a western railroad there is a high-speed passenger train on which the engineer runs 137 miles on each of 26 days in a month. His daily time on duty is 3 hours and 50 minutes and his actual running time per day is 2 hours and 12 minutes. For this service he receives $12.14 per day or $315.00 per month (working on 26 days).

On another passenger train in the west the engineer runs 181 miles per day, in one direction one day and in the reverse direction the next day. The actual running time in one direction is 2 hours and 53 minutes, and his time on duty is 5 hours and 15 minutes, for which he receives $14.75 per trip. In the opposite direction, his actual running time is 2 hours and 56 minutes, and his time on duty 4 hours and 15 minutes, for which he receives $15.12 per day. His monthly earnings (for working on 24 days) are $358.44.

A passenger train on an eastern railroad runs between two points 224 miles apart. The entire train and engine crew make a round trip on each day they work, with a total running time of 7 hours and 10 minutes. Due to variations in the limitations placed by their organizations upon the engineers, firemen, conductors and brakemen, these men do not all work the same number of days in a month. The engineer works 10 days a month and his time on duty per day is 12 hours and 50 minutes. He receives $34.96 for every day he works, or $349.60 for the month, in which he works only on 10 calendar days. The fireman works only eight days a month and his time on duty per day is also 12 hours and 50 minutes. He receives $25.42 for every day he works, or $203.36 for the month, in which he works only on eight calendar days. The conductor works 13 days a month and his time on duty per day is 9 hours and 10 minutes. He receives $22.84 for every day he works, or $296.92 for the month, in which he works only on 13 calendar days. The brakeman also works 13 days a month and his time on duty per day is 9 hours and 10 minutes. He receives $16.42 for every day he works, or $213.46 per month, in which he works only on 13 calendar days.

From the Booklet "Railroads and Railroad Wages, 1938"

What the Shipper Wants

One of the High Speed Merchandise Trains Inaugurated by the Railroads to Give the Shipper Fast Service

A symposium of views of industrial traffic managers in varied industries as to possibilities for service improvements

IN AN effort to bring operating officers and their patrons together and to give these operating officers information first hand regarding the desires and needs of the shippers, a symposium on "What the Shipper Wants" was presented at the annual meeting of the American Association of Railroad Superintendents in Chicago on June 7. Four traffic managers of key industries, friendly to the railways, but making large use of competing transportation, told the superintendents why they had taken much business from the rails and offered suggestions as to improvements in rail service that would secure a larger proportion of the traffic for the railroads. Since rates do not come under the superintendent's jurisdiction, this factor was specifically eliminated from the addresses, which were made by W. J. Williamson of Sears, Roebuck & Company; W. A. Mayfield of Swift & Company; Lee J. Quasey, National Livestock Marketing Association; and R. J. Kelly of the General Foods Corporation.

Mail Order Freight

W. J. Williamson, traffic manager, Sears, Roebuck & Company, whose company gathers freight from more than 8,000 producing points and distributes it throughout the country, spoke as follows:

If shippers could depend upon the carriers to move merchandise between given points with regularity as to transit time, many of our troubles would vanish. Few carriers publish dependable schedules for the movement of through merchandise cars, although this information is of vital importance. The need for operating economies has interfered seriously with the regularity that should exist in the movement of merchandise. If dependable regular service were maintained, a great amount of tonnage would be reclaimed by the rails.

Faster freight schedules are feasible between most of the important cities of our country. For example, between Chicago and the Twin Cities merchandise trains do not make better than second morning delivery, and between Chicago and the Pacific Coast we cannot get delivery on through merchandise cars sooner than the seventh morning. Many of these cars arrive at their destination the fifth afternoon and yet, because of agreements between carriers, they are not turned over to the consignees until the seventh morning. Agreements of this character are fundamentally wrong.

Export merchandise moving between Chicago and the Pacific Coast is delivered consistently on the fifth afternoon, because the carriers have no agreement on transit time on this type of merchandise, thus giving better service to foreigners than to American citizens. Second morning delivery from Chicago to Dallas and Fort Worth could be made, as against the present third morning delivery, since there is at the present time an overnight service from Chicago to Memphis and an overnight service from Memphis to Dallas. Third morning delivery from New York to Chicago could advantageously be reduced to second morning.

Lack of dependable fast service materially reduces competitive trading areas and is the cause of merchants confining their purchases to nearby manufacturers from whom they can secure first or second morning delivery. Much of the movement of merchandise of this character has been diverted to the trucks, primarily because the rails have not kept modern insofar as increased speed in freight service is concerned. Dependable fast service stimulates a freer exchange of merchandise over greater trading areas and naturally increases the revenue of the rail carriers.

We experience considerable annoyance from the manner in which l. c. l. merchandise is handled through freight terminals, because the men handling it are not as thoroughly trained as they might be insofar as checking, loading and stowing are concerned. Carelessness

and inefficiency by these men are responsible for most of the overages, shortages and damages that accrue. A vigorous campaign with illustrative posters, etc., on this subject could be waged with beneficial results. Our company would be willing to donate the services of our advertising men to help in such a program.

Switching in the terminals of many of our larger cities has become so involved that cars experience serious delays before even getting started on their journey to final destinations. There should be a much freer and faster exchange of cars between all carriers in large terminals. We often find it impossible to give certain carriers a line haul because of the terminal delay in getting cars from the loading station to the outgoing yard.

Our company handles much of its l. c. l. merchandise through services within our own organization. We operate daily merchandise cars, for example, from New York to Chicago and from Cleveland to Chicago, while we run as many as a dozen cars of mixed merchandise a day out of New York. This has helped us by eliminating straggling l. c. l. shipments over a number of different routes and carriers, and we can maintain a definite record as to just where these shipments are. In the first 16 weeks of this year, we handled nearly 1,800 cars of this kind through our Chicago terminal.

Much could be done to aid claim prevention committees in reducing claims. We do not want claims because we never can reclaim from any carrier the full losses that we suffer in damages or extra shipments.

Wherever the railways can improve their service, more merchandise will go back to the rails. I hope that the spirit of economy will not prevail so far that it ruins railway service to the extent that shippers in general are going to turn to other methods of transportation, because the railroads are the backbone of the transportation system of America, and we shippers as well as you railroad men must do everything we can to keep them healthy and pay rates that will be compensatory for the service rendered.

Why Shippers Use Trucks

W. A. Mayfield, traffic manager, Swift & Company, who controls the routing of a huge amount of packing house products and other traffic, spoke as follows:

We use trucks because of the consumers' demands for direct delivery to their door; the development of "hand-to-mouth" buying resulting from the after-the-war readjustment in 1920 and 1921; and because of their greater flexibility in such respects as later loading, smaller units or lower minimums, and liberal rules as to mixing freight. We are in competition with small meat packers who serve a relatively local territory. As trucks came into the picture, these competitors were able to improve their deliveries to the trade and to extend their operations to such an extent that we found that we could no longer compete and get our share of business by the use of peddler cars.

Before the advent of the motor truck many of our products were sold in carloads. It was the practice for buyers to order in the largest possible quantity and it was not uncommon for us to sell carloads to one buyer or for two or three buyers to combine and buy a car between them. With the development of trucking, and with the heavy losses taken on inventory during the readjustment period, the trade soon learned that they could buy their minimum requirements at no additional cost and avoid carrying an inventory, which might result in heavy losses. If we were to hold our volume we had to meet the trade demand and this involved the hiring of outside trucks or the use of our own trucks.

In making shipments by rail much time is lost in the terminals. Cars must be switched from the plant to the makeup yard and into the transfer trains for connection with the fast trains, and this period is very largely the time handicap of the railroads in their competition with trucks. Practically the same delay is encountered at destination in making delivery of the car. The loading platform, as a general rule, has at least two hours more time for loading to allow the truck to depart at the same time that a train would depart, the truck being able to go direct from our plant to destination, without having to take into consideration division point connections, taking siding for passenger trains, or other things that the railroad has to consider in the operation of its schedules. On small shipments to many small towns, it is service, not rates, that determines how they shall be shipped.

By the use of company trucks, the shipper can combine all types of merchandise to make a load, not being greatly concerned as to the kind of merchandise hauled as it costs no more to haul a mixed load than a straight load. The commercial trucks have taken notice of the necessity of a broad mixing privilege as they still have to compete against private trucks. Accordingly a shipper by truck is permitted to pay the load rate on each item shipped whereas by rail the mixing rule provides for the highest minimum and the highest rate on any article in the shipment.

Another method of distribution is through our branch houses. Most of this business moves in carloads from our western packing houses to the branch shipping points in the east and south, that serve the larger cities in their immediate surrounding territory; 95 per cent of that tonnage moves by rail. On freight moving 400 or 500 miles or more to our branch houses, the railroads give us about as good service as the trucks.

Some shippers, because of the nature of their business, require speed more than anything else, but the packer is not so much concerned with speed as he is with dependable service, and regularity of schedule. Our distribution from our branches is based on the arrival of cars. If our branch happens to receive a car 12 hours late it cannot compete with the house that received its freight on time. We have a great deal of trouble because of cars being cut out for repairs. When a car of meat is cut out of a train it is usually delayed from 12 to 24 hours, the branch house to which that car is going is out of business until that car gets there, and our competitor gets the business.

The icing stations throughout the country which ice fresh meats and packing house cars, were built and located when the schedules were not as fast as they are today. Special care should be exercised by the railroads to ice fresh meats and packing house products where efficient rather than emergency icing can be performed, because usually the help at the emergency icing stations is not as well trained as at the regular icing stations.

Most of our l. c. l. perishable tonnage moves by truck or by express. We have experimented recently with refrigerator containers, which hold from 6,000 to 10,000 lb. of perishable products, and which with about 400 lb. of ice will carry perishable products safely for reasonable distances. If the railroads would look into that situation, they should be able to load perishable products in ordinary box cars and be able to furnish almost universal refrigerator service. This would eliminate a large part of the refrigerator service difficulties and they would not have to run scheduled refrigerator cars with light loads. Satisfactory service could be established by the

use of these containers and much tonnage that is now moving by trucks would move by freight.

In connection with the pick up and delivery of l. c. l. freight, instead of every railroad in the city of Chicago sending trucks into the plant of Swift & Company, causing congestion, the railroads should consolidate their trucking services, because the packing houses are congested enough now. Two years ago we had to decline to let these trucks come into our plant because we did not have room for them.

Railroads should allow the shipper as much time as possible to get his freight to them because in these days of hand-to-mouth buying we have to take orders as late as we possibly can. Instead of telling the shipper, "if you can't get it down by four o'clock you have to let it go," the railroads ought to accept it later.

Live Stock Shippers' Needs

Lee J. Quasey, commerce counsel, National Live Stock Marketing Association, in addition to his own knowledge of the situation, canvassed the managers of his local associations throughout the country for their opinions and spoke on the live stock shippers' needs as follows:

A large volume of live stock traffic moves long distances from where it is produced, pastured and fattened, to the point where it finally is processed and distributed in the populous centers of our country. In the western range states there are large areas that are suited to the growing of live stock, but in many regions the grass conditions are such that the live stock must be moved in a comparatively short period of time, sometimes a matter of weeks, to areas of more abundant grass supply. That movement is today still largely by rail. Only a small percentage of the live stock produced in the western states reaches a condition of flesh suitable for immediate slaughter.

With the development of highways and trucks, there has been a notable increase in the movement of live stock from the farm, quite often to the nearest market place, by truck. Under certain conditions, the trucks provide the superior medium of transportation. Few farms are located adjacent to rail stations so that live stock can be driven from the farm to the loading pens. The hauling of live stock from farms to stations in wagons has been practically discontinued. Except in the western regions, driving of live stock is practically outmoded because of the danger involved on our highways today, so that farmers load live stock on a truck, and once it is loaded it usually continues to market. Attempts on the part of the carriers to recapture from the trucks business originating within 50 miles of a live stock market constitutes an economic waste, because most farms are some distance from a railroad station and it is too expensive for a railroad to undertake to provide the service that is necessary to compete with a truck for that short distance.

The distances where live stock is handled most generally by trucks range from upward of 50 to 150 miles. Hogs are handled by truck more generally than sheep, and cattle the least. Feeders of live stock do not like the idea of shipping fattened steers or cows by truck. The animals stand in a fixed position, there is no opportunity for them to lie down, and they present a worn and generally disadvantageous appearance on the market.

The movement of live stock from the farm to the nearest point where it may be sold does not solve the problem of live stock marketing and distribution. Certain classes of live stock are in better demand at some markets than at others, and concentration of live stock at certain strategic points is essential. Transportation service must be such as to enable producers to take advantage of better prices at the more distant markets. Rail and truck each have places in the handling of live stock from ranges and farms to markets and slaughtering points. Conditions vary too widely over the country to permit one to lay down any general rule, but in most situations a judicious blending of truck and rail service will come nearer to solving the problem than any other one measure.

Some railroads have inaugurated a truck pick-up service, whereby they will pick up certain quantities of live stock within a definite area of a local station, without additional cost. Individual lots so assembled are consolidated into car loads and moved into a market point. Such an arrangement also provides, as a rule, for an allowance if the owners of the live stock transport it to the local station on their own account. Wherever that system has been inaugurated it has met with considerable favor. This truck pick-up service has been pioneered largely by western lines into such markets as Chicago, National Stock Yards, Peoria, and to a limited extent to the Missouri river markets, but there is an opportunity for railroads in other sections of the country to establish similar service.

Some roads have inaugurated an unknown quantity service. A car is started down a division on a given day and all manner of edible live stock is loaded into it. Some railroads have supervised this service effectively, being careful to see that the animals are properly marked. Other roads seem to be a bit less concerned about the legibility of the distinguishing marks placed upon animals of different ownership, and that has brought complaints from some of our marketing organizations.

Departures from the standard minimums have met with considerable favor, and they have been helpful in getting shipments which would otherwise have moved by truck. Another helpful thing is the trailer car, which takes up an overflow quantity of live stock offered at any one country station. The privilege of stopping to complete loading is quite popular in some sections.

There is a lack of adequate truck unloading facilities at some local stock yards, and the unloading of live stock is quite hazardous. Sometimes the shipper has nothing more than the end gate over which to unload his live stock at his local station. Such lack of facilities tends to make the shipper turn to trucks. One western railroad that has given special study to this matter has designed an unloading chute consisting of a platform on a level with the truck floor with wing gates and an incline of moderate pitch. This railroad has found an incline of 11½ to 12 ft., with from a 3 ft. 4 in. rise, conducive to the most favorable handling of the live stock. If the incline is too abrupt the animals get scared and jump, and, of course, that means bruises and possible injury. It is often these small and apparently inconsequential things that are vital in getting business.

Information with regard to the arrival of shipments has not been given as readily as might be expected. While there is a large amount of live stock moved for slaughter, there is also a large volume of live stock that moves from western range country into feed lots, and where passing reports are not available at the local station as to the arrival of car or cars it often results in a great deal of inconvenience.

Active solicitation of business and information with reference to available services are desirable. The mere establishment of a service and the announcement of it by publication of a tariff and posting it in a local station, is not enough. If railroads wish to hold and obtain live stock business, they must not only provide service

but fully acquaint the live stock producers with regard to it. Such solicitation will promote a better understanding of problems confronting the railroads on the one hand and the live stock producer on the other. The more the needs of the shipper are thoroughly understood by the carrier, the more the carrier will be in a position to give that which the shipper needs; but it is equally important for the carrier to make known the services it has to offer and keep them constantly before the live stock shipper.

Food Product Requirements

R. J. Kelly, district manager, General Foods Corporation, representing a fourth industry whose traffic is important to the railways, spoke as follows:

Our corporation is rail minded to the extent that we feel it an obligation to foster a transportation service which in the final analysis is accepted as the backbone of our national transportation system. This fostering of a sound profitable transportation service is not merely an obligation; rather do we feel that our efforts have been of a constructive kind, but in our desire to foster and promote the welfare of our rails, we cannot overlook or ignore our own problem of distribution. We appreciate the plight of our rail carriers today, and in this knowledge it is our purpose to use their services to the utmost. This we willingly do within limitations. It is not to be construed that we would abandon all other forms of transportation in favor of the rails, because we further believe there is a place in the general scheme for all forms of transportation.

Within a radius of 300 miles, truck service is used by us in preference to the general l. c. l. service, because it has proved faster and more flexible. The rail lines maintain a fairly competitive l. c. l. service to some key points; but even to those key points, truck service is generally superior owing to its flexibility, making possible earlier delivery. This is made possible for several reasons, among which is direct door-to-door service, and the elimination of handling of freight.

There is an opportunity for the rail lines to recapture a good share of l. c. l. traffic now moving by truck to destinations 300 miles or more from the factory. Our company uses rail l. c. l. service to such destinations more and more every day, and it is not yet too late for rail carriers to hold on to and recapture that tonnage, if they can speed up their l. c. l. service to the point where it meets competition. The rail lines must explore the possibility of an improved l. c. l. service, having in mind also transfer enroute and a package car set up that brings the shipment closer to its final destination.

More effective handling of tracers is also desirable. L. c. l. tracers are anything but satisfactory for the reason that by the time we get the desired information the shipment in question is delivered. In the meantime, we have a customer on our neck crying for his merchandise. We hesitate to duplicate the shipment because we fear the first shipment will show up in the meantime. If we duplicate and the original is delivered, we have incurred additional transportation expense, which in most instances must be absorbed by us. The difficulty encountered by the carriers in tracing l. c. l. is understood and appreciated by traffic managers generally, but present methods can be improved, and the rail lines should explore the possibilities of such improvements.

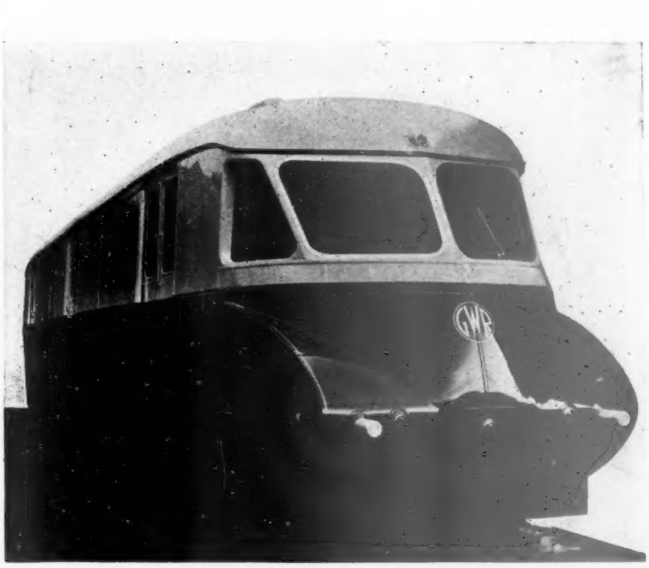
A centralized freight house to be used by all lines for the receipt of l. c. l. tonnage offers a possibility for improvement in service. I have in mind a station at which merchandise cars could be loaded according to the package car schedules of all lines. Whenever a car is loaded at a specified time during the day, it is ready to be placed in the train for destination rather than to be switched around the city. This suggested central receiving station should also act as a billing agency. Such a centralized receiving and merchandise car loading station, at which freight could be received up to 5 p. m., would be of material benefit to us, as well as the railroads.

It would seem possible to set up a clearing house for lost or stray shipments. Frequently we are able to identify freight shipments, but prior to receiving this information we have credited our customer's account and filed claims for loss. We do not make any money when we file a claim; we lose some. Prompt dispatch by the carriers of information pertaining to stray shipments would in many instances enable a shipper to locate a consignee and avoid filing a claim. The agent at whose station the overage develops should be permitted to notify the shipper direct, in addition to the notice to his claim department.

We in industry are aware of the possibility of reducing transit time between key points throughout the United States. We are also aware that this is not done because of the inability of some carriers participating to make the schedules via their circuitous routes. This may be sound policy on the part of rail carriers, but it would seem to lose traffic for all lines concerned. The rail time to the Pacific Coast could be cut down possibly one-and-a-half or two days, except for agreements between carriers to protect the circuitous routes.

May I suggest a closer contact between the operating departments of the carriers and the traffic managers in industry. We do not know operating problems, and knowing some of the problems might enable us to offer co-operation, which could possibly make the job a bit easier. We do not know enough operating men personally. I suggest a get-together from time to time, in which traffic men can talk across the table with the men who operate our railroads. In this way they could obtain a first-hand picture of our problems, and a frank and honest discussion should bring the desired results. As things now stand, we pass our problems to the traffic departments of the railroads and they in turn pass them to the operating officers. Let us hope that we in industry can get closer to those men who operate the railroads.

* * *



This Merchandise Car Used on the Great Western of England is Capable of a Speed of 75 m.p.h.

Story of Tie Renewals in 1937

Data compiled by A. R. E. A. from annual reports of the railways give figures for last year

SEVENTY-EIGHT railways in the United States inserted in renewals more ties per mile of maintained track in 1937 than in 1936, while 56 roads renewed less ties and 2 roads applied the same number, according to a report made to the American Railway Engineering Association by the Committee on Ties. These and other important comparisons can be drawn from the tabulation of statistics relating to crosstie renewals compiled by the Interstate Commerce Commission from reports made to it by the roads, and reproduced here in condensed form. These statistics cover the tie renewals of 136 Class I roads of the United States.

With minor exceptions, changes in the rate of renewal between 1936 and 1937 were not pronounced, the few noteworthy changes being the Missouri & Arkansas, 405-430; the Toledo, Peoria & Western, 278-399; the Gulf, Mobile & Northern, 201-318; the New York Connecting, 317-226; the Chicago, Milwaukee, St. Paul & Pacific,

Statistics on Crosstie Renewals on Leading Railroads in the United States and Canada for the Calendar Year Ending December 31, 1937

All Figures Are Exclusive of Bridge and Switch Ties

Road	Miles of maintained track occupied by wooden crossties	Total number of wooden crossties renewed 1937	Number of wooden crosstie renewals per mile of maintained track		Per-cent wooden crosstie renewals to all ties in tracks		Wooden ties untreated (U)		Wooden ties treated (T)		Weighted average cost per wooden crosstie	Cost of wooden crosstie renewals per mile of maintained track	Cost of wooden crosstie renewals per thousand equated gross ton-miles
			1937	5-year average	1937	5-year average	Per cent applied	Average cost*	Per cent applied	Average cost*			
New England Region													
Bang. & Aroos.	828.70	164,446	198	194	6.9	6.8	100	$0.55	...	...	$0.55	$109	$0.061
B. & M.	3,279.00	337,540	103	86	3.5	3.0	10.9	0.80	89.1	$1.59	1.51	155	.037
C. N. R. (lines in New Eng.)	250.21	27,859	111	102	3.6	3.3	31.8	0.61	68.2	1.32	1.09	122	.057
C. P. R. (lines in Me.)	213.19	29,554	139	158	4.8	5.5	...	...	100	1.26	1.26	175	.030
C. P. R. (lines in Vt.)	123.91	5,734	46	69	1.4	2.0	...	...	100	1.03	1.03	48	.010
Cen. Vt.	533.92	60,588	113	156	3.7	5.1	12.4	0.93	87.6	1.53	1.46	166	.036
Me. Cent.	1,249.41	286,816	230	199	7.6	6.6	50.5	0.71	49.5	1.66	1.18	271	.097
N. Y. Connecting	25.98	5,876	226	229	7.1	7.2	...	...	100	1.47	1.47	332	.026
N. Y. N. H. & H.	4,339.59	339,108	78	74	2.6	2.5	...	...	100	1.20	1.20	93	.020
Rutland	500.05	36,874	74	109	2.4	3.6	...	...	93*	1.27	1.27	94	.030
Great Lakes Region													
Ann Arbor	408.09	41,164	101	111	3.4	3.7	...	...	100	1.32	1.32	133	.038
Cambria & Ind.	63.70	21,541	338	310	12.9	11.5	64.3	0.90	35.7	2.01	1.29	437	.205
D. & H.	1,462.87	157,802	108	110	3.5	3.6	0.6	1.27	90.1*	2.14	2.14	230	.038
D. & L. W.	2,395.07	167,758	70	90	2.4	3.1	6.6	0.34	93.4	1.46	1.39	97	.014
Det. & Mac.	294.57	37,504	127	119	4.2	4.0	78.1	0.53	21.9	0.70	.57	72	.075
D. & T. Shore Line	151.58	16,859	111	111	3.6	3.6	...	...	100	1.76	1.76	196	.039
Erie (incl. C. & E.)	4,906.36	440,923	90	96	3.1	3.3	...	...	100	1.47	1.47	132	.020
G. T. W.	1,949.67	292,999	150	151	4.8	4.8	0.1	0.59	99.9	1.44	1.44	217	.052
L. & H. R.	120.90	10,975	91	48	3.4	1.8	...	...	89.3*	2.03	2.03	184	.036
L. & N. E.	285.51	16,983	59	68	2.0	2.3	0.4	0.39	99.6	1.38	1.37	82	.028
L. V.	2,820.52	63,089	22	53	0.8	1.8	...	...	100	1.42	1.42	32	.005
Monongahela	242.17	44,058	182	163	6.3	5.6	...	...	100	1.89	1.89	343	.088
Montour	77.93	7,836	101	103	3.6	3.7	12.2	1.22	87.8	2.35	2.21	222	.045
N. J. & N. Y.	56.97	3,681	65	78	2.2	2.7	20	0.64	80	0.85	.81	52	.013
N. Y. C.	22,216.58	2,160,247	97	74	3.1	2.5	0.2	1.36	98.9*	1.36	1.36	132	.019
N. Y. C. & St. L.	2,527.41	280,343	111	88	3.5	2.8	...	...	100	1.51	1.51	167	.025
N. Y. O. & W.	896.85	48,969	55	70	1.9	2.4	...	...	100	1.31	1.31	72	.026
N. Y. S. & W.	233.24	19,916	85	104	2.9	3.6	...	...	100	1.31	1.31	112	.059
P. M.	2,838.12	487,943	172	136	5.7	4.5	...	...	100	1.64	1.64	281	.073
P. & L. E.	937.08	66,535	71	45	2.4	1.5	0.1	1.00	99.9	1.74	1.74	124	.025
Pitt. & Shaw.	121.57	42,320	348	278	12.5	10.2	74.8*	1.15	23.3*	2.06	1.37	476	.328
P. & W. V.	198.09	62,973	318	219	10.9	7.6	51	1.36	23.4*	2.29	1.65	524	.109
P. S. & N.	223.71	35,229	157	170	5.4	5.8	100	0.99	...	...	.99	155	.122
Wabash	3,241.11	488,986	151	139	4.9	4.5	...	...	100	1.52	1.52	229	.038
Central Eastern Region													
A. C. & Y.	213.51	36,907	173	228	6.0	7.9	100	1.31	...	...	1.31	226	.103
B. & O.	10,790.04	1,274,136	118	94	4.2	3.3	0.2	0.75	99.8	1.42	1.42	168	.027
B. & L. E.	494.95	133,625	270	232	8.7	7.5	0.3	0.79	99.7	2.17	2.17	585	.063
C. of N. J.	1,494.20	92,357	62	50	2.2	1.8	...	...	100	1.72	1.72	106	.020
C. & E. I.	1,429.63	138,893	97	93	3.1	3.0	...	...	100	1.12	1.12	109	.024
C. & I. M.	161.84	13,701	85	100	2.7	3.3	...	...	100	1.59	1.59	135	.023
C. I. & L.	823.94	79,073	96	84	3.1	2.7	15.7*	0.77	77.5*	1.12	1.05	101	.021
D. T. & I.	610.44	79,464	130	131	4.5	4.5	3.4	0.64	96.6	1.24	1.22	159	.060
E. J. & E.	853.98	184,198	216	178	6.8	5.7	...	0.93	94.9*	1.53	1.53	331	.085
Ill. Term.	652.12	62,646	96	86	3.2	3.0	4.1*	0.76	87.3*	1.21	1.19	114	.052
Long Island	833.86	70,704	85	61	2.9	2.1	...	...	100	1.55	1.55	131	.016
Missouri-Ill.	239.01	81,063	339	325	10.9	10.4	92.3	0.76	7.7	1.28	.80	272	.256
Penna.	21,521.02	2,252,267	105	73	3.7	2.6	0.1	0.87	99.9	1.60	1.60	168	.021
P-R Seashore Lines	665.20	39,034	59	43	2.1	1.6	...	...	100	2.10	2.10	123	.046
Reading	3,052.67	125,666	41	36	1.5	1.3	0.1	1.09	99.9	1.86	1.86	76	.014
S. I. Rap. Tran.	101.74	7,327	72	60	2.6	2.2	...	...	100	1.75	1.75	126	.032
W. M.	1,194.49	231,621	194	204	6.7	7.1	28.3	0.92	71.7	1.56	1.38	267	.054
W. & L. E.	848.18	179,385	211	159	7.0	5.3	0.8*	1.02	93.4*	1.40	1.39	295	.061
Pocahontas Region													
C. & O.	5,104.75	337,418	66	83	2.1	2.7	0.2	0.56	99.8	1.14	1.14	75	.008
N. & W.	4,316.08	179,404	42	75	1.3	2.4	...	...	91.1*	1.09	1.09	45	.005
R. F. & P.	377.16	114,982	305	308	10.7	10.8	30.4	0.82	69.6	1.63	1.38	422	.044
Virginian	850.72	191,565	225	215	7.2	6.9	56.7*	0.72	42.6*	1.36	1.00	224	.027

* Owing to the fact that the total number of ties inserted on some roads included some second-hand ties, ties other than wood, tie blocks, etc., the percentages of treated and untreated ties do not total 100 per cent in all cases.

Statistics on Crosstie Renewals on Leading Railroads in the United States and Canada for the Calendar Year Ending December 31, 1937—Continued

All Figures Are Exclusive of Bridge and Switch Ties

Road	Miles of maintained track occupied by wooden crossties	Total number of wooden crossties renewed 1937	Number of wooden crosstie renewals per mile of maintained track: 1937	Number of wooden crosstie renewals per mile of maintained track: 5-year average	Per-cent wooden crosstie renewals to all ties in tracks: 1937	Per-cent wooden crosstie renewals to all ties in tracks: 5-year average	Wooden ties untreated (U): Per cent applied	Wooden ties untreated (U): Average cost*	Wooden ties treated (T): Per cent applied	Wooden ties treated (T): Average cost*	Weighted average cost per wooden crosstie	Cost of wooden crosstie renewals per mile of maintained track	Cost of wooden crosstie renewals per thousand equated gross ton-miles
SOUTHERN REGION													
A. G. S.	548.88	100,526	183	228	5.9	7.4	6.8	1.04	93.2	1.43	1.40	256	.046
A. & W. P.	141.28	27,683	196	166	6.4	5.4	37.5	1.17	62.5	0.94	1.03	201	.047
W. Ry. of Ala. ..	182.18	30,043	165	146	5.4	4.8	6.1	1.19	93.9	1.02	1.03	169	...
A. B. & C.	799.13	142,918	179	160	6.2	5.6	24.2	0.77	75.8	1.12	1.04	186	.088
A. C. L.	6,844.37	769,494	112	141	3.9	4.8	95.8	0.85	4.2	1.32	.87	98	.031
C. of Ga.	2,507.60	342,116	136	124	4.9	4.4	0.4	0.77	99.6	0.86	.86	118	.039
C. & West. Car. ...	425.43	66,633	157	173	5.4	5.9	100	0.99	...	...	.99	155	.077
C. N. O. & T.	774.37	84,279	109	142	3.5	4.6	...†	0.96	100	1.52	1.52	166	.019
Clinchfield	396.93	123,874	312	322	10.3	10.6	61.5	0.70	38.5	1.44	.98	307	.048
Col. & Green.	201.77	44,900	223	228	7.0	7.2	7.5	0.59	92.5	1.20	1.15	257	.131
F. E. C.	1,349.54	246,996	183	152	6.4	5.3	100	0.78	...	...	.78	143	.045
Georgia	430.33	61,503	143	138	4.7	4.5	93.7	1.23	6.3	1.68	1.26	180	.053
G. & F.	452.53	120,251	266	256	9.8	9.5	100	0.67	...	...	.67	179	.166
G. S. & F.	471.40	41,694	88	87	2.8	2.8	100	0.98	...	...	.98	87	.031
G. & S. I.	311.85	54,320	174	155	5.7	5.1	1.7*	0.56	97.3*	1.01	1.00	175	.103
G. M. & N.	940.24	298,746	318	200	10.0	6.4	26.4*	0.64	73.5*	1.10	.98	310	.114
I. C.	7,798.71	1,106,348	142	130	4.6	4.2	6.7*	0.70	93.2*	1.04	1.02	144	.028
Y. & M. V.	2,134.32	324,462	152	132	5.0	4.3	31.2*	0.72	68.8*	1.04	.94	142	...
L. & N.	6,955.17	796,444	115	110	4.0	3.9	4.7	1.04	95.3	1.27	1.26	144	.027
Miss. Cent.	168.09	63,130	376	239	11.9	7.6	6.5	0.52	93.5	1.04	1.01	378	.251
M. & O.	1,219.52	352,543	289	293	9.1	9.2	88.3*	0.75	11.1*	1.27	.81	235	.057
N. C. & St. L.	1,551.37	177,099	114	155	3.9	5.2	0.8	0.48	99.2	1.14	1.13	129	.035
N. O. & N. E.	281.47	36,986	131	162	4.2	5.2	5.9	0.88	94.1	1.38	1.35	178	.038
Nor. Sou.	973.20	357,279	367	336	12.0	11.6	100	0.74	...	...	.74	272	.178
North. Ala.	118.87	46,740	393	379	12.6	12.1	46.4	0.89	53.6	1.53	1.24	486	.214
S. A. L.	5,379.06	1,099,777	204	217	6.8	7.4	63.7	0.88	36.3	1.00	.93	189	.053
Southern	8,681.55	2,086,863	240	263	7.7	8.4	63.7	0.99	36.3	1.46	1.17	280	.062
Tenn. Cent.	337.21	85,486	254	315	8.4	10.2	100	0.67	...	...	.67	169	.073
NORTHEASTERN REGION													
C. & N. W.	12,151.80	1,806,110	149	126	5.0	4.2	5.5	$0.55	94.5	$0.96	$0.93	$139	$0.044
C. G. W.	1,898.06	338,052	178	173	6.0	5.9	29.7	0.98	70.3	1.39	1.27	225	.047
C. M. St. P. & P...	14,285.44	1,966,807	138	182	4.6	6.1	38.9	0.50	61.1	1.29	.98	135	.042
C. St. P. M. & O...	2,251.86	426,089	189	164	6.4	5.5	27.8	0.68	72.2	1.04	.94	178	.054
C. M. & I. R.	1,097.50	131,963	120	70	4.0	2.3	29.6	0.76	70.4	1.43	1.23	148	.035
D. S. S. & A.	532.22	131,698	247	198	8.7	6.9	100	0.61	...	1.35	.61	152	.103
D. W. & P.	211.59	64,772	306	339	10.2	11.3	90	0.60	10	1.47	.69	210	.087
G. N.	9,886.13	1,194,438	121	97	3.9	3.1	5.7*	0.52	92.7*	1.21	1.17	141	.038
G. B. & W.	286.30	100,694	352	376	12.2	13.2	67.4	0.69	32.6	1.56	.97	343	.209
Lake Sup. & Ishp...	234.83	45,379	193	190	6.4	6.4	99.4	0.64	0.6	2.12	.65	125	.123
M. & St. L.	1,696.92	338,229	199	147	6.6	4.8	75.6	0.86	24.4	1.33	.98	195	.104
M. St. P. & S. S. M.	5,000.45	843,223	169	171	5.7	5.8	58.8	0.59	41.2	1.22	.85	143	.066
N. P.	9,085.50	1,173,439	129	104	4.4	3.6	3.4	0.50	96.6	1.00	.98	126	.040
Spokane International	194.18	71,874	370	317	13.1	11.2	100	0.45	...	...	.45	168	.143
S. P. & S.	1,085.71	187,810	173	153	5.7	5.1	66.7	0.60	33.3	1.40	.87	150	.051
CENTRAL WESTERN REGION													
Alton	1,532.21	356,280	233	237	7.7	7.8	88.7	1.22	11.2*	1.74	1.27	296	.065
A. T. & S. F.	19,574.46	2,438,875	125	106	4.1	3.5	0.3	0.65	99.7	1.15	1.14	143	.035
C. B. & Q.	12,366.90	1,845,530	149	112	4.8	3.6	...	...	93.2*	1.25	1.25	186	.049
C. R. I. & P.	9,403.78	1,223,451	130	81	4.4	2.7	...	0.29	100	0.92	.92	119	...
C. R. I. & G. ...	750.79	60,474	81	73	2.6	2.3	...	...	89.9*	1.15	1.15	93	.031
C. & S.	898.00	77,573	86	119	2.9	3.9	15.4*	0.40	57.2*	1.20	1.03	89	.026
D. & R. G. W. ...	3,319.70	455,962	137	144	4.4	4.6	1.7*	0.31	68.9*	1.07	1.06	145	.040
D. & S. L.	313.33	123,846	395	314	12.9	10.2	1.7	0.76	98.3	1.28	1.27	502	.176
Ft. W. & D. C. ...	960.66	70,217	73	49	2.4	1.6	...	...	78.1*	1.06	1.06	78	.023
Nevada Northern ...	190.89	26,728	140	130	4.9	4.5	100	0.80	...	...	.80	112	.158
Northwestern Pacific.	459.74	59,053	128	95	4.4	3.3	100	0.77	...	...	.77	99	.042
S. P. (Pac. Lines)..	12,431.39	1,143,922	92	71	3.1	2.4	11	0.75	89	1.21	1.16	107	.018
T. P. & W.	276.05	110,182	399	275	12.6	8.7	0.8	0.65	99.2	1.43	1.42	568	.211
U. P.	13,170.39	2,345,967	178	138	6.3	4.9	1.1	0.66	98.9	1.03	1.03	183	.029
Utah	87.18	13,476	155	189	5.8	7.3	46.5	0.70	53.5	2.15	1.48	228	.061
Western Pacific	1,480.60	582,124	393	320	13.2	10.9	66.7	0.69	33.3	1.37	.92	361	.066
SOUTHWESTERN REGION													
Burlington-R. I.	213.36	14,796	69	56	2.2	1.8	...	...	100	0.59	.59	41	.016
Gulf Coast Lines:													
Beaumont Sour Lake & West...	139.85	15,354	110	93	3.7	3.1	0.1	0.64	99.9	1.12	1.11	122	...
N. O. T. & M. ..	226.99	39,660	175	124	5.7	4.0	7.8	0.69	92.2	1.12	1.08	190	...
St. L. B. & M. ..	752.17	84,817	113	67	3.7	2.2	...	...	100	1.06	1.06	120	.038
S. A. Uvalde & G.	360.87	45,052	125	96	4.3	3.3	0.1	0.57	99.9	1.15	1.14	142	...
I.-G. N.	1,496.88	151,627	101	111	3.4	3.7	...	...	100	1.01	1.01	102	.026
K. C. S.	1,261.38	166,976	132	116	4.2	3.7	...	...	100	1.03	1.03	137	.035
K. O. & G.	357.16	73,232	205	205	6.8	6.6	1.1	0.54	98.9	1.01	1.01	206	.082
L. & A.	714.38	141,018	197	229	6.2	7.2	24.3	0.52	75.7	0.81	.73	145	.054
L. A. & T.	246.64	75,037	304	391	10.1	12.6	91.5	0.58	8.5	0.97	.62	187	.100
Midland Valley	389.33	44,917	115	101	3.8	3.2	0.5	0.63	99.5	1.03	1.03	119	.113
Mo. & Ark.	357.73	153,893	430	321	13.8	10.3	100	0.44	...	...	.44	191	.156
M-K-T	4,100.89	506,721	124	117	3.9	3.7	4.6	0.72	95.4	0.95	.94	116	.032
M. P.	9,041.71	1,761,960	195	192	6.3	6.2	8.6	0.72	91.4	1.12	1.09	212	.043
Ok. Cy.-Ada-Atoka...	144.32	33,649	233	146	7.8	4.8	83.1	0.51	16.9	0.64	.53	123	.206
St. L.-S. F.	6,524.85	1,344,052	206	205	6.5	6.5	17.8	0.69	82.2	1.08	1.01	209	.061
St. L., S. F. & Tex.	258.33	42,711	165	303	5.2	9.6	39.9	0.69	60.1	0.97	.86	142	.080
St. L. S. W.	1,926.62	366,497	190	113	6.0	3.6	...	...	88.5*	1.08	1.08	205	.044
T. & N. O.	5,704.75	754,797	132	106	4.8	3.9	...†	0.93	100	0.92	.92	122	.035
T. & P.	2,485.81	217,767	86	86	3.0	2.9	...†	0.41	100	1.00	1.00	88	.017
Texas Mexican	206.05	54,785	[illegible]	196	9.2	6.8	0.2	0.25	99.8	1.15	1.15	306	.211
CANADIAN RAILROADS													
Canadian National..	29,459	6,440,796	213	208	7.4	7.2	66.1	0.57	33.9	1.28	0.81	174	.072

* Owing to the fact that the total number of ties inserted on some roads included some second-hand ties, ties other than wood, tie blocks, etc., the percentages of treated and untreated ties do not total 100 per cent in all cases.

† Proportion is less than 0.1 per cent.

‡ These are storekeepers' average costs of ties charged out and used. They are not the actual costs or the prices paid for ties purchased during the period.

NOTE: Statement applies to Class I roads and includes consolidated data for Class I roads merged during the period 1933 to 1937, as follows:
Gulf, Mobile & Northern—includes New Orleans Great Northern.
Atchison, Topeka & Santa Fe—includes Panhandle & Santa Fe; Gulf, Colorado & Santa Fe; and Fort Worth & Rio Grande.
Kansas City Southern—includes Texarkana & Fort Smith.
Union Pacific—includes Los Angeles & Salt Lake; Oregon-Washington R. R. & Nav. Co.; Oregon Short Line; and St. Joseph & Grand Island.
Canadian National Rys.—includes lines in New England; Grand Trunk Western; and Duluth, Winnipeg & Pacific.
Canadian Pacific—includes all lines.

212-138; the Duluth, Winnipeg & Pacific, 376-306; the Green Bay & Western, 441-352; the Denver & Salt Lake, 395-314; and the Louisiana, Arkansas & Texas, 455-304, the 1936 figures being given first.

As a whole, there was no marked change in the ratios of treated and untreated ties to the total ties used in renewals in 1937, compared with 1936. However, there were appreciable changes on individual roads, the decreases in the ratio of treated ties to the total number renewed, compared with 1936 including the New Jersey & New York, 100 to 80; the Pittsburgh & West Virginia, 89.3 to 23.4; the Atlanta & West Point, 76.8 to 62.5; the Louisiana, Arkansas & Texas, 36 to 8.5; and the Soo Line, 54.8 to 41.2. Among the roads that increased the ratio of treated ties to all ties inserted were the Cambria & Indiana, from 13.6 to 35.7; the Pittsburgh & Shawmut, 2.3 to 23.3; the Richmond, Fredericksburg & Potomac, 26.4 to 69.6; the Atlantic, Birmingham & Coast, 29.5 to 75.8; and the Western Pacific, 0.1 to 33.3.

Further analysis of the tie-renewal statistics reveals that in 1937 treated ties were applied exclusively on 36 roads, except that a few of these roads used an appreciable number of second hand ties that were salvaged from abandoned lines; on 42 roads treated ties represented more than 80 per cent of all ties inserted; on 15 roads they represented from 60 to 80 per cent; on 6 roads from 40 to 60 per cent; on 8 roads from 20 to 40 per cent; on 6 roads the percentage of treated ties ranged from a negligible number to 20 per cent; while 14 roads used no treated ties.

The tabulation includes a column for the five year average renewals for each road, which reveals that the roads (excluding the shorter lines) having the lowest five-year averages per mile of track are as follows: Pittsburgh & Lake Erie, 45; Central of New Jersey, 50; Burlington-Rock Island, 56; Southern Pacific (Pacific System), 71; Pennsylvania, 73; and New York Central, 74.

Three measures of tie-renewal policies are shown in the last three columns of the table. One of these gives the average cost for wooden crossties, another gives the cost of wooden crosstie renewals per mile of maintained track, and the last one gives the cost of wooden crossties per thousand equated gross ton miles.

Re-Hearing on Eastern Fare-Increase Petition

WASHINGTON, D. C.

THE re-opened Eastern passenger-fare case was given expeditious handling this week by the Interstate Commerce Commission's Division 7, which wound up the further hearings with the Monday and Tuesday sessions and scheduled oral argument for Thursday. The Eastern roads are still seeking that increase in basic coach fares from two cents per mile to 2.5 cents, which was denied in the commission's original 6-to-5 decision on this phase of Ex Parte 123.

Among witnesses appearing in support of the petition were F. E. Williamson, president of the New York Central; W. S. Franklin, vice-president of the Pennsylvania; and F. J. Wall, vice-president of the New York, New Haven & Hartford. Meanwhile F. W. Walker, vice-president of the Northwestern Mutual Life Insurance Company, appearing for the Security Owners' Association, urged the commission to place the responsibility for fare policies upon railroad management, while Arthur F. White, assistant director of the Interstate Commerce Commission's Bureau of Statistics, presented and analyzed data on the passenger business.

I. C. C. Wants Credit for What it Did Give

While Mr. Williamson was on the stand, Commissioner Aitchison, who was presiding as chairman of Division 7, handed the witness a pamphlet entitled "Railroad Program" which was issued in May by the Association of American Railroads. Reading from the pamphlet, which he offered as an exhibit over objections of J. Aronson, vice-president (law) of the New York Central, Mr. Aitchison quoted the following: "With increases in wage costs, prices of materials and taxes . . . and with the Interstate Commerce Commission taking away more than $100,000,000 a year as the result of a rate reduction, the railroads were unable to adjust their prices to meet expenses. . . ." The chairman then asked the witness if the latter, as an A. A. R. director, was content to have had that statement "go out to the American public" without reference to the increases allowed in Ex Parte 123.

Mr. Williamson replied that the reference was to the discontinuance of the emergency surcharges, and that the pamphlet was intended to state the general situation. He told Commissioner Porter, however, that it would have been "wiser" to give the whole picture; and also accepted Commissioner Aitchison's "and fairer." The chairman expressed the hope that Mr. Williamson would interest himself in the matter if any revision of the pamphlet comes before the A. A. R. directorate.

Mr. Williamson appeared as chairman of the Eastern President's Conference and as chairman of the Eastern Lines Passenger Committee, thus representing all the petitioners. Since his December, 1937, testimony in the original proceeding, he said, the financial situation of the Eastern roads has become "urgent." Passenger service on such roads as the New York Central, the Pennsylvania, the Baltimore & Ohio and the New York, New Haven & Hartford, he went on, is "by no means a by-product." The N. Y. C. gets 25 per cent of its gross from passenger-train revenues, while its passenger-train miles constitute 55 per cent of the total. The witness explained the holding-up of the coach business while Pullman traffic was falling off as a reflection of the diversion from Pullmans to coaches; also, much business formerly classified as commutation is now classified as coach traffic.

The Eastern roads, Mr. Williamson contended, are interested in getting the maximum revenue out of the passenger service as a whole, and he thinks that many who could well afford to use Pullman services are foregoing such accommodations because of the present spread of one-cent per mile. Commissioner Porter thought that "this spread talk" might well argue that the basic rate for travel in Pullmans should be cut to 2.5 cents per mile; and Commissioner Aitchison observed that the spread would be increased if the Pullman Company's pending Ex Parte 125 application were granted. (The Ex Parte 125 decision was made public later that day as reported elsewhere herein). Yet the witness admitted that none of the Eastern carriers brought their complaint about the present spread into the hearings on the Pullman application.

Buses Considering Fare Increase

Asked by Commissioner Caskie about the recent experience of Central Greyhound Lines, Mr. Williamson said that the N. Y. C. affiliate along with other Greyhound

units have encountered increased expenses; and they are considering applying for fare increases if the railroad petition is granted. In summing up his testimony as to changed conditions since the previous record in the case was made, Mr. Williamson listed the more unfavorable railroad financial set-up; the fact that the coach business has held up, indicating that an increase in the fare will not materially affect the volume but will materially affect the revenue; the constant pressure on railroads to spend more money for better equipment, air-conditioning, etc.; the substantial stake of the Eastern roads in the passenger business.

Vice-President Franklin of the Pennsylvania stated that the commission's 1936 order cutting rates on tickets good in Pullmans 25 per cent and the basic coach rate 44 per cent was the "most drastic ever issued by a government body," considering the volume of business involved. Yet, he went on, the railroads tried to get every possible dollar out of the resulting rates, thus giving the experiment a thorough trial. A 2.5-cent coach rate, Mr. Franklin pointed out, would still represent a cut of 30.5 per cent from the old 3.6-cent basis; and if it doesn't work out the railroads will be "the first to want to change." Reminded by Commissioner Porter that the carriers made no change in the 3.6-cent rate "for about 15 years" during which business was slipping away, the witness replied that experiments were meanwhile made "with rates of all kinds and descriptions."

Mr. Porter next pointed out that the Eastern roads took in about a million dollars more in passenger revenue in January, 1938, (a month of depression) than in January, 1936, (a month of recovery before the fare cut). Meantime there was "a very great reduction" in freight revenues. Mr. Franklin's explanation was that freight business dries up faster than passenger business when a recession gets under way. Commissioner Porter threw up his hands—he couldn't understand how the carriers got more dollars after what the witness had called the "greatest rate cut in history."

Opposes Differentiation in Coach Rates

Mr. Franklin did not think the rate increases sought by the Pullman Company would aggravate the spread problem; and he told Commissioner Caskie that the railroads did not expect to lose any important amount of business to buses if the fares were raised. Neither did he think that there should be a differentiation between coach fares, with a higher rate for travel in modern air-conditioned equipment. In this connection the commission's original decision in the case discussed the de luxe coach services afforded on such trains as the New York Central's "Mercury;" and saw no reason why passengers receiving such coach services "should not pay a higher rate than is charged for standard coach service."

John E. Benton, counsel for the National Association of Railroad and Utilities Commissioners, questioned Mr. Franklin as to the attitude of the Baltimore & Ohio. The witness insisted that Daniel Willard, president of the B. & O., thought the filing of the application was "the proper thing to do."

Vice-President Wall, of the New Haven, told how 42.6 per cent of that road's 1937 revenues came from passenger-train services, adding that the New Haven's passenger operations must be profitable if the road is to be successfully operated. He calculated that the average New Haven passenger would be called upon to pay only 25 cents more—its average fare is 98 cents and its average journey per passenger 50 miles. One reason why New Haven passenger revenues appear to be holding up, Mr. Wall explained, was the abandonment of the New York, Westchester & Boston. The N. H. is heir to some $75,000 a month in revenues from travelers formerly using that line.

Must Rely on Management

J. L. Heywood, general accountant of the Pennsylvania, offered some statistical testimony, and was followed by Vice-President Walker, of the Northwestern Mutual Life Insurance Company. The Security Owners' Association, Mr. Walker said, expresses no opinion as to the conclusion of railway management that the 2.5-cent rate will produce more revenue. It does believe, however, that management must be relied upon for such success as it is practical to secure in passenger operations. Thus he would have the commission permit the "experiment." Asked by Commissioner Porter if he thought the experiment would take as long as that with the 3.6-cent rate, Mr. Walker suggested that the commission could step in at any time. He told Commissioner Caskie that he would be willing to leave with the commission the question of placing a time limit on the "experiment." In any event, he hopes that the commission "can find a way to place the responsibility for results from passenger operations squarely on the shoulders of management."

White Supplements Previous Data

Assistant Director White, of the I. C. C. Bureau of Statistics, presented several exhibits, supplementing and bringing up to date data which he had offered for the previous record in the proceeding. Among his exhibits was one which he interpreted as showing that while in recent months the Eastern roads have lost relatively about twice as much freight business as those in the South and West, their passenger business has held its own. Also, Mr. White presented figures indicating that last December's increase in Southern fares "affected coach revenues adversely." Another of the White exhibits showed that the principal Class I motor carriers of passengers in the Southern region reported for the first quarter of 1938 a 17.2 per cent increase in gross and a 42.1 per cent increase in net as compared with the first quarter of 1937—this while the passenger revenues of the Southern railroads were falling off.

At the final session of the hearing, R. J. Littlefield, superintendent of motor service on the Pennsylvania, told the commission of a study he had recently made of bus operators in the South and the effect that the increased passenger rate on southern roads had had on the number of passengers carried by the southern bus lines. It was Mr. Littlefield's belief that very few people had been attracted away from the railroads by the lower fares of the buses. Commissioner Caskie asked the witness how he explained the fact that, despite the present depression, southern bus lines continued to increase their gross revenues. Mr. Littlefield was of the opinion that they had accomplished this feat by improving their equipment, by using larger, newer and roomier buses, with the result that they were enticing some people away from the private automobile.

Mr. Heywood again took the stand at the close of the hearing to present some figures showing the percentage of total dining car passengers who came from the coaches. He said that a quick check on some of their leading trains on the previous day had showed that the figure varied between 14 per cent and 80 per cent. He again strenuously objected to the validity of Mr. White's studies of dining car expenses which he had introduced as an exhibit when the case was being heard for the first time.

I. C. C. Gives Pullman Five Per Cent Increase

WASHINGTON, D. C.

THE Interstate Commerce Commission has answered the Pullman Company's petition for a 10 per cent increase in rates with an authorization for a five per cent boost without prejudice to an increase in the so-called "sub-normal" rates, "subject to protest and suspension." If the company proceeds in the latter connection and the plan works out in accordance with the commission's calculations, the result would be a total increase of approximately 7.7 per cent, producing on the basis of 1937 traffic about $2,810,688 of the $3,628,622 in additional annual net revenue contemplated by the application.

This decision in Ex Parte 125 was issued on June 27 as the re-hearing on the fare-increase application of the Eastern railroads opened before the commission's Division 7, as reported elsewhere in this issue. The "Report of the Commission" was accompanied by separate expressions from five commissioners—one "concurring," three "concurring in part" and one "dissenting." The latter, Commissioner McManamy, reached the conclusion that "the Pullman Company is reasonably prosperous in comparison with any other industry and that this record does not justify any increases in their present fares under existing conditions." Commissioners Mahaffie and Miller thought the full 10 per cent should have been granted, while Chairman Splawn would have allowed it on all rates except those for upper berths. Commissioner Lee would also prohibit any increase in upper berth rates, although he agreed with the majority that other increases should be limited to five per cent.

Says Public Has Been Good to Pullman

Commissioner Eastman's "concurring" opinion expressed the view that "few, if any, public service companies in this country have been more generously treated by the public than the Pullman Company." While believing that "if broad principles of equity could be applied . . . any increase might well be denied," the former co-ordinator nevertheless takes note of Supreme Court decisions on the "reasonable return" question and concurs on the theory that the increases allowed would not produce more than a fair return, "coupled with the fact that there is not sufficient evidence that the increase in rates will not result in an increase in revenue."

The situation in connection with upper berths about which Chairman Splawn and Commissioner Lee complained was mentioned in the majority report, wherein the commission said it was "impressed" with the fact that "the ratio of upper to lower berth sales is the equivalent of only about one to five." It goes on to suggest that, in the interest of increasing car occupancy, "it might be better policy to widen the present price spread between the lower and the upper berths by not now increasing the charges for the latter, at least to the full extent here authorized." However, unlike Commissioners Splawn and Lee, who seem to have had the same idea, the majority was willing to leave the matter "to the further consideration of the applicant."

The majority report notes at the outset that the only opposition to the petition developed from the state commissions of New Hampshire, New Jersey, North Dakota, Idaho and Utah, "but they introduced no evidence"; and majority's views are concurred in by the co-operating committee of state commissioners which participated in the proceedings. Then comes the review of evidence offered by Pullman in connection with increased expenses which made necessary the increased revenue sought. The applicant pointed out that the 10 per cent boost would mean 40 cents or less to 82 per cent of its passengers and a maximum of 65 cents to any passenger. It did not think that any person contemplating a journey in a Pullman car "would refrain from purchasing accommodations now costing from $2.20 to $6.50 simply because he was required to pay from 25 to 65 cents more."

The "Sub-Normal" Rates

The discussion of the "sub-normal" rates, in which Division 7 seemed interested throughout the hearings, points out that the basis of all Pullman accommodations except seats is the lower berth rate. The basis for the latter was originally established at approximately six mills per mile for the distance traveled, although "consideration was given to the factors of overnight service . . . and of competitive conditions which required the longer line or route to meet the rate over the shorter line or route." The general result of 1911 and 1920 adjustments was to make the basic lower-berth rate 7.2 mills per mile and the upper berth rate 80 per cent of the charge for a lower. There are, however, "a considerable number of exceptions," with the result that "out of a list of 362 rates, embracing all the more important Pullman rates in the country, 149 are sub-normal." Seven of these, the commission says, "are between points where traffic conditions would not permit them to be increased, leaving 142 rates that could be increased." If all of these were increased to the 7.2-mill basis, the commission calculates that they "would be on the average 10.79 per cent higher than they are now, and applicant estimates that the resulting annual increase in its total revenue from sleeping and parlor cars would be $1,605,764, or about 2.72 per cent." Included in the sub-normal rates are 11 between Chicago and New York and certain intermediate points.

Pullman, the report next points out, "admits that there is no operating reason why these sub-normal rates should not be increased to the normal basis, but states that objections would likely be encountered from the public and the railroads if such rates were increased without uniformly increasing all other rates; that maintenance of these sub-normal rates has not been due to any policy of the company but because of its understanding of what it terms an agreement with the commission as reflected in Loftus v. Pullman Co. (20 I. C. C. 21); that their presence in the rate structure is not a matter requiring immediate adjustment; and that it might be a matter of business prudence to allow a condition to continue that is evidently satisfactory." Thus the applicant's position that its immediate revenue needs could be met more satisfactorily by the general 10 per cent increase sought.

The report next considers the contention of protesting state commissions that consideration must be given to "the fact that substantial payments are being made by applicant to the Pullman-Standard Car Manufacturing Company . . . as a manufacturer's profit upon equipment purchased, and that such profit represents nothing more than a changing of money from one pocket to another by Pullman, Incorporated, which owns the stock of the applicant and the manufacturing company."

In reply the commission quotes figures of record to show that Pullman-Standard's profit on Pullman Company work during the five-year period, 1932-1936, averaged 2.19 per cent, ranging from a 41.72 per cent loss in 1932 to a 13.48 per cent profit in 1935. The report

adds: "While, because of the extensive experimental work which is constantly being carried on by the manufacturing company, it seems reasonable for the applicant to pay to the manufacturing company a profit on work done for it which is somewhat greater than is normal in commercial circles, in the absence of competitive bids for the purpose we are not prepared to accept as within the realm of economical and efficient management a profit such as that of 13.48 per cent in 1935 and 12.64 per cent in 1936, the latest year of record."

Protestants also contended that the applicant was not entitled to have increased wages considered because "the necessity and propriety of such increases are not established;" but the commission did not feel "called upon in this proceeding to pass upon the propriety or impropriety" of such wage adjustments. As to the contention that the Pullman Company's credit was unimpaired because it has no funded debt, the commission observed that "the narrow spread between revenues and operating expenses and taxes of only six cents in 1936 and 1937, and of only about 3.6 cents in the first three months of 1938, indicates the increasing difficulty of applicant in absorbing the increased operating expenses and taxes upon which this application is based;" although "it is a fact, of course, that the applicant appears to be faced with no credit difficulties like those which confront most of the railroads, as portrayed in" the Ex Parte 123 proceedings.

Next the commission finds "no indication" that the increase sought would materially affect the movement of traffic; but "there appears no persuasive reason why some of the additional revenue should not be obtained from increasing the present subnormal rates." Annual net revenue from the latter, according to the commission, would amount to approximately $996,377, which added to an estimated $1,814,311 net from the five per cent general increase would produce the above-mentioned total net of $2,810,688. That set-up the commission believes "will afford applicant adequate revenues." The decision carries authority under section 6 of the Interstate Commerce Act for the publication of tariff supplements to existing schedules in order to effectuate the general 5 per cent increase; also, the right to make the new rates effective upon 10-days notice.

The separate opinions are brief one-paragraph affairs except for those of Commissioner Eastman and Commissioner McManamy. In support of his above-mentioned view that the public had been generous with the Pullman Company, Mr. Eastman asserted that "In addition to providing very liberal returns upon the investment over a period of many years; the public has, in substance and effect, itself supplied a very large part of the investment." Mr. Mahaffie, on the other hand, thought that "a carrier, even if it has been prosperous in past years, is entitled to an opportunity to try to earn a fair return;" and "if the entire increase sought were granted the carrier would be unlikely to earn more than a portion, perhaps 50 per cent, of a fair return on its property devoted to transportation service."

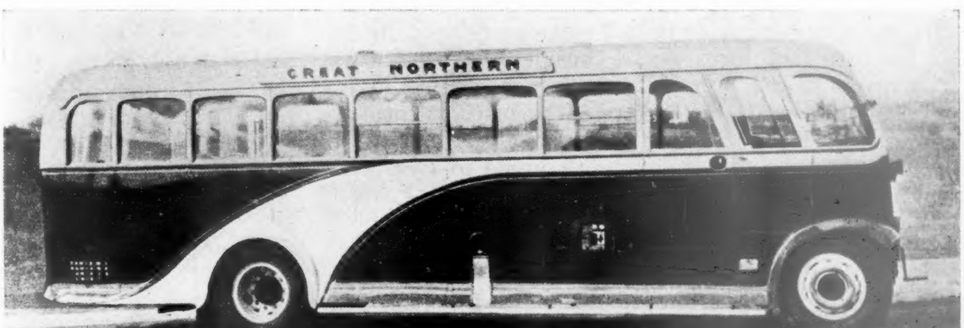
In his dissenting opinion Commissioner McManamy asserted that the contrast between the majority decision and the treatment of the railroads in Ex Parte 123 "is very marked." He adds that "one conclusion which can be drawn from these decisions is that the railroads are too poor to afford an increase in rates while the Pullman Company, being very much more prosperous, can afford to indulge in that luxury." He also believes that the present spread between the cost of Pullman and coach service "exceeds the difference in value of the respective services;" and "any increase allowed in the Pullman fare adds to this difference. . . ."

Co-Ordination In Ireland

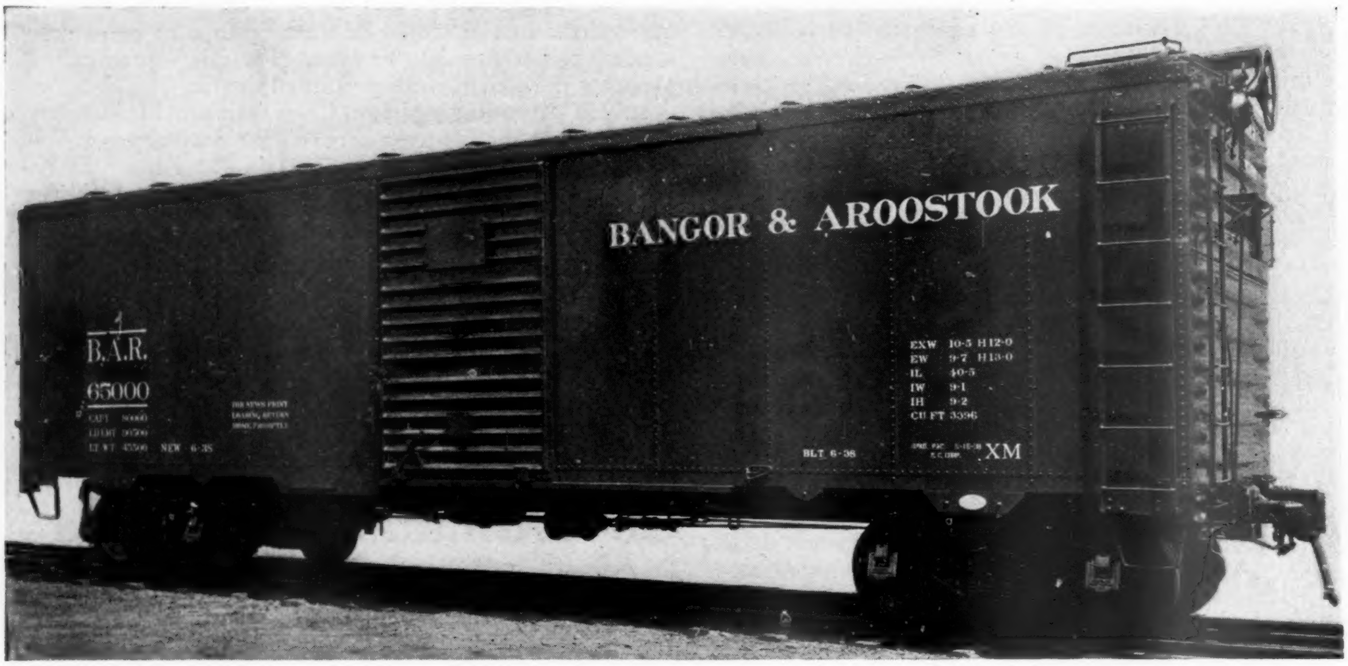
SHORT distances and improved roads forced the Great Northern of Ireland into rail-highway co-ordination in January, 1929. Since that date, a large fleet of highway units has been acquired by the railway, consisting of 121 trucks and 130 buses. The latter are all of English manufacture, and include 60 equipped with Diesel motors. Many of the trucks, particularly of the lighter type, are of American make, and have been giving excellent service. The operations of the G. N. are peculiar in that they are conducted under two separate governments—the Irish Free State and Northern Ireland. In the latter country, the road and rail transport act of 1935 caused the transfer to the governmental road transport board of 21 routes operated by the railway, with a fleet of 50 passenger and 58 freight vehicles.

The bus operations comprise several important routes competitive with the railway service, but a large part of the runs serve as feeders to the railway and to replace unprofitable train service on light traffic branch lines. Tickets are completely interchangeable as between the 45 bus routes and any portion of the railway lines.

The trucks are used entirely in rail-highway coordination. Merchandise is moved by rail between various centers of distribution and taken by the trucks to the smaller towns in the vicinity. The entire area served by the railway has now been zoned and merchandise service has been set up as between truck and rail to provide overnight delivery everywhere. A material increase in merchandise handled has resulted. The railway, until 1935, had lost its furniture removal business entirely to independent truckers. By 1937, as a result of the road-rail co-ordination and setting up a fast convenient and efficient service, 85 per cent of the intercity furniture removal traffic was handled by the G. N. and its subsidiary truck services.



Modern Buses Are Used by the Great Northern of Ireland



B. A. R. 40-Ton Steel-Sheathed Box Cars Built by the Magor Car Corporation

Bangor & Aroostook Orders 500 Box Cars for Newsprint Lading

Following A. A. R. design they embody special features requisite for handling this product

THE Magor Car Corporation, New York, is completing at its plant in Passaic, N. J., 500 steel-sheathed wood-lined 40-ton capacity box cars for the Bangor & Aroostook. Each car has a cubical capacity of 3,396 cu. ft. and, while following closely the recommended practices of the Association of American Railroads, embodies many features especially requisite for the handling of newsprint paper. Newsprint is shipped in rolls of two sizes; namely, 36 in. in diameter by 68 in. high, weighing between 1,700 to 2,000 lb., and half-size rolls, 29 in. in diameter by 34 in. in height, weighing between 850 to 1,000 lb. Newsprint is a commodity which requires the utmost of care to protect the lading while being loaded and in transit. Damage due to chafing of rolls, shifting of loaded rolls within the car while in transit, and water damage are only a few of the many causes which render newsprint paper unsuitable for use; therefore, special consideration was necessarily given to these problems and incorporated in the design of the new B. A. R. cars. The principal proportions of the cars are given in the table.

The center sills of the cars are formed of two 36.21 lb. U. S. S. rolled Z-sections, the top flanges of which are joined by welding. The side sills are of 6 in. by 3½ in. by 5⁄16 in. rolled steel angles, extending the full length of the car and reinforced at the bolsters by 6 in., 15.3 lb. ship channels and over the door opening by 6 in., 10.7 bulb angles.

The bolsters are of the built-up type with ¼ in. pressed plate diaphragms and 21 in. by 7⁄16 in. top and bottom cover plates. Stucki roller-type side bearings are riveted to the truck bolsters. Drop-forged steel body center plates are used.

There are two sets of crossbearers and four sets of crossties used in the underframe. Diagonal braces, pressed from ¼ in. plate, extend from each corner of the car from the junction of side and end sills into the junction of the bolsters and center sills. The end sills are of 6 in. by 3½ in. by 5⁄16 in. angles, extending crosswise of the car over the center sills. The floor stringers are of 3 in., 6.7 lb. Z-bars extending between the bolsters and crossbearers over the crossties and between the crossbearers at the center of the car; there is one set at each side of the car about midway between the side and center sills, punched to take floor bolts.

Features of Superstructure and Lining

The car superstructure follows A. A. R. recommended practices. The roof, of Chicago-Hutchins type, is of solid galvanized steel and has compression riveted seams. The doors, furnished by the Youngstown Steel Door Company, are fitted with Camel roller lift fixtures. The ends are of Dreadnaught corrugated two-piece type with 3⁄16 in. top and ¼ in. bottom sections. Copper-bearing steel is used in the ends, doors, roof and the side sheath-

ing. To insure against water leakage, a generous amount of welding is employed throughout.

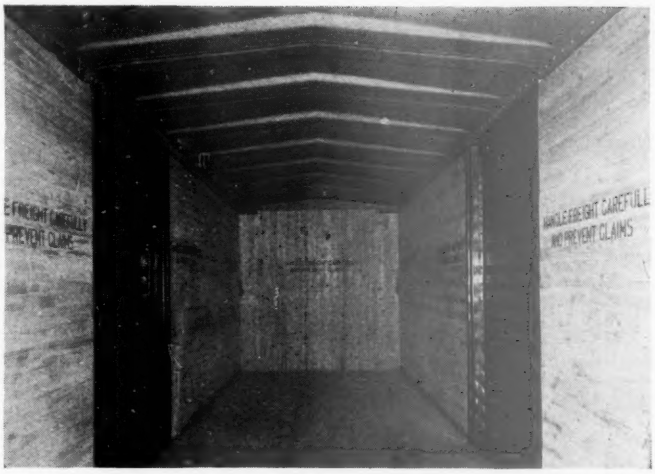
The floor consists of a course of 2⅜-in. tongue-and-grooved yellow pine extending crosswise of the car, bolted in place with MacLean-Fogg water-tight bolts and No. 2 speed nuts. On top of the 2⅜-in. sub-floor is applied a top floor consisting of ⅞-in. kiln-dried spruce lumber running lengthwise of the car and nailed to the sub-floor with cement-coated oval-head barbed car nails. The top spruce floor is applied to assist in the handling of the paper rolls by means of lift trucks and to form a uniformly level floor for the loading.

The side lining is of 1⅙-in. tongue-and-grooved southern yellow pine. It is blind nailed horizontally to four corner and four intermediate side nailing posts. The end lining is of 1$\frac{5}{16}$ in. tongued-and-grooved southern yellow pine extending vertically and blind nailed to five nailing strips in each end. Blind nailing is used throughout to prevent damage to the paper rolls when coming in contact with exposed nail heads which commonly work out in service.

Principal Proportions of the B. A. R. 40-Ton Box Cars

Length inside of body, ft. and in.	40–5
Width inside of body, ft. and in.	9–1½
Height from floor to roof at inside width, ft. and in.	9–2½
Width of side-door opening, ft. and in.	6–0
Height of side-door opening, ft. and in.	8–7⅜
Length over striking plates, ft. and in.	41–8½
Length center to center of trucks, ft. and in.	30–8½
Width of car over side sills, ft. and in.	9–9⅝
Width over side plates, ft. and in.	9–10⅜
Cubical capacity, cu. ft.	3,396
Weight capacity, lb.	80,000
Load limit, lb.	90,500
Light weight, lb.	45,500
Ratio of pay load to gross load, per cent	66.5

The Ends, Doors, Roof and Side Sheathing of the B. A. R. Cars Are of Copper-Bearing Steel



The Cars Are Heavily Wood Lined to Facilitate Careful Handling of Newsprint Lading

Steel binding anchors are used in each corner of the car welded to the ends and side posts 53½ in. above the floor level to permit of the use of steel straps which encircle the rolls of paper to secure them in each end of the car thus preventing shifting in transit or yard switching.

The trucks are of the self-alining spring-plankless 40-ton capacity type which embody integral-box double-truss cast steel-side frames with hooded-type malleable-iron journal-box lids. Coil and elliptic springs are used to dampen harmonic oscillation to prevent chafing of the wrappers surrounding the newsprint lading and damage to the ends of the rolls. A. A. R. No. 3 brake beams with Azee brake-hanger wear plates, loop-type forged-steel brake hangers and Creco four-point brake-beam supports, and Schaefer truck levers of forged steel are used. The 5-in. by 9-in. axles were furnished by the Bethlehem Steel Company and the Carnegie-Illinois Steel Corporation, the 33 in., 700 lb., wheels by the Ramapo Foundry and Wheel Works, the brake beams by the Davis Brake Beam Company, the brake shoes by the American Brake Shoe & Foundry Company and the brake shoe keys by the Buffalo Brake Beam Company.

National Malleable & Steel Castings Company Type E single rotary operating couplers with cast-steel yokes and Miner A-22-XB friction-type one-follower draft gear are used. The coupler operating device is of the Imperial type furnished by the Union Metal Products Company. AB brake equipment, furnished by Westinghouse, is used. All piping is of extra heavy steel and is welded to the body crossbearers. Transco metal brake steps, Brascott side and end ladders, and Universal hand brakes are used.

The appearance of the car is especially attractive. The trucks are black coated with Texaco car cement. The sides are painted with standard Wardsworth-Howland red Carkoatt. The doors and ends are painted a dark shade of green which harmonizes with the entire color scheme. Stencilling is white. As cars primarily in newsprint paper service must at all times be clean and free from grease, odors, acids and similar commodities, each car is stencilled to indicate definitely newsprint service, and it is felt that the distinctive painting will help to distinguish the car and prevent its misuse. The inside of the car roof is painted with a Socony paint products roof preparation.

Fix July 20 for Pay Cut Parley

THE Carriers Joint Conference Committee and representatives of 18 of the 21 brotherhoods agreed, at a meeting at the Union Station at Chicago on June 28, to start negotiations on the railroads' 15 per cent wage cut proposal at a general session to be held at Chicago beginning July 20. The meeting is to be opened at 2 p. m. at a place to be announced later. Upon request of the Brotherhood of Railroad Trainmen, which withdrew from the membership of the Railway Labor Executives Association on June 3, 1937, that separate negotiations be held on the railroads' proposal as it affects that brotherhood, a second conference was held with the trainmen at Chicago on June 30.

Although the Carriers Joint Conference Committee sought to open negotiations on June 28, the meeting between the two groups took the form of a preliminary discussion. Nothing definite, aside from setting the date to begin the parley, transpired at the meeting. The date of July 20 was set because, according to the brotherhoods, it is not reasonable for them to start negotiations with the managements on a national scale until local conferences on the individual railroads between the managements and the brotherhoods have been concluded. A third of these meetings is yet to be held. In the meantime, the scale in effect prior to July 1, the date on which reductions were to have become effective, will be continued in effect while negotiations are under way.

Carriers Joint Conference Committee Issues Statement

A statement covering the conditions under which the railroads seek a 15 per cent wage reduction was issued by H. A. Enochs, chairman of the Carriers Joint Conference Committee, following the meeting. The statement follows: "The rise in employee earnings and the fall in railway earnings since last year were explained in detail in our meeting with the representatives of railway employees. Just a year ago we were discussing with railway employees their requests for wage increases. They got their increases, in settlements reached through the services of the National Board of Mediation. Today

the situation is completely reversed—the railroads are seeking a wage reduction.

"What are the changes which have occurred on the railroads in the past year? Our freight traffic is 25 per cent less than it was a year ago. Our gross earnings have fallen 22 per cent below the 1937 level, and our net earnings are 85 per cent below last year. Yet the average hourly and weekly earnings of railway employees are higher than they were a year ago and higher, also, than they were in 1929, the year of our greatest national prosperity. When the drop in living costs since that year is considered, present weekly earnings of regularly employed railway workers will buy, on the average, 27 per cent more than would their earnings in 1929.

"What have last year's wage increases meant to railroad men? The answer is simple—higher earnings for those still on the payroll, coupled with heavy reductions in force. Last month the railroads of the country had 905,000 employees. A year ago the total was 1,154,000. In other words, within the past year the number of railroad employees has been cut by almost 250,000. When coupled with traffic losses, the railroad industry could not absorb the increased costs resulting from higher wages.

"We pointed out to our men last year that a wage increase, other things being equal, would mean fewer railroad jobs. We made and presented estimates as to how many thousand of railroad men would have to be laid off because the money to meet the payroll has to come from somewhere and there is only one source—railroad revenues.

Increase Did Not Benefit Workers

"The employees argued last year that increased wages would benefit railroad workers. With a loss of 250,000 jobs, this has not proved to be true. The only part of the industry which is not worse off now than it was in 1929 (the year of greatest national income), or in 1932 (the year of lowest national income), or in 1937 (when the wage increases were granted), are the men still employed on the railroads at the highest average wages in history. Unemployment on the railroads is made worse than it otherwise would be by the payment of wages higher than conditions justify.

"We told our employees today that the railroad industry cannot stand present wages, under present conditions. We told them that the saturation point in wage cost has been reached. We told them that continuation of present high wages will destroy their own livelihoods and will break the back of the railroad industry. We have reached this breaking point.

"The present high level of railway wages was established when railway traffic and earnings were rising and there was expectation that they would continue to rise. Since that time railroad traffic and earnings have fallen disastrously. Wage rates, however, remain at their high level.

"We emphasized today, to the official representatives of our employees, that the current level of railway wages cannot be maintained under existing circumstances. The condition of the railroad industry, the general situation of business, and the factors which must determine rates of pay—all these make a reduction in the present level of railway wages both necessary and justified."

Last week, as reported in the *Railway Age* of June 25, the Carriers Joint Conference Committee requested the brotherhoods to meet with it in Chicago on June 28 for the purpose of discussing the proposed reduction in wages. The brotherhoods countered with a request that the proceedings between the two groups be deferred until July 20. In a counter-proposal, Mr. Enochs asked that the negotiations be opened by July 6, but in the meantime, the brotherhoods agreed to meet with the Carriers' committee on June 28.

The railroads have issued in pamphlet form an analysis of the facts behind the present controversy, the content of which is summarized on the opposite page.

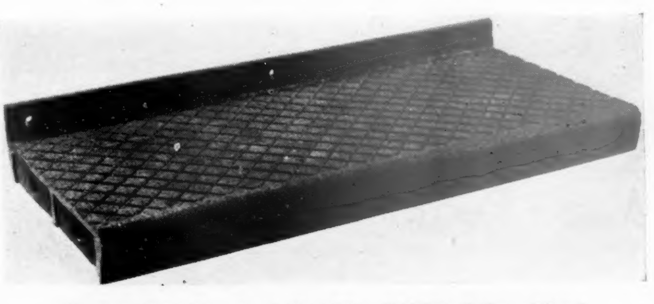
Following President Roosevelt's "fireside" radio speech on the evening of June 24 in which he spoke of the "purchasing power" of high wage rates, Chairman George Harrison of Railway Labor Executives' Association handed out the following statement to the press:

"Organized railroad labor numbering 1,000,000 represented by the Railway Labor Executives' Association enthusiastically support the President in his broad program to restore business and normal activity to strengthen democratic institutions. All true liberal and patriotic citizens will respond to his request for co-operation with government.

"Railroad labor calls upon railroad managers to abandon their program of wage cutting and economic sabotage and urges railroads to co-operate with the employees, their government and the President to revive business activity and restore the purchasing power of the people. Railroad labor believes that evidence of good faith by the railroads demands their immediate withdrawal of wage cut notices."

Non-Slip Safety Metal

An improved type of non-slip safety metal, known as non-slip ABSCO metal, which is said to be highly resistant to rust and acid corrosion and unaffected in its non-slip properties by water, oil or other slippery liquid substances, is now being manufactured by the American Brake Shoe & Foundry Company, New York. In the manufacture of this metal, electric furnace abrasive grains are applied to cast iron, bronze, aluminum or nickel silver, by a special process of casting. By this process, the grains are said to be deeply and uniformly bonded into the metal at the time of casting, thus



A Complete Tread of Non-Slip ABSCO Safety Metal

forming what is claimed to be a virtually indestructible bond between the abrasive grains and the metal.

The grains protrude sufficiently above the surface to give a "bite" to the metal. It is pointed out that the method of manufacturing the metal makes it possible to assure a wear and corrosion resistant "nose" to stair treads, as the abrasive grains are carried entirely over the "nose" and concentrated at this slipping point. The sluffing out and loss of abrasive grains due to corrosion along the "nose" are said to be definitely prevented by this method, as no grinding is necessary to remove raw fins of metal on the casting ridge.

Communications and Books . . .

Politicians Unconcerned At Jr. Employees' Plight

RUSSELL, KY.

TO THE EDITOR:

In your issue of June 4, on page 17, under the heading "Setback for Old Heads" you say "The silence of the younger employees, in the face of such heartless and unjust treatment is just one of the many aspects of present union practice, which is not easy to understand."

I beg to inform you that we have hollered our heads off in vain. We have appealed to the President of the United States, Secretary of Labor Perkins, Assistant Secretary of Labor McLaughlin, our Congressmen, our Senators, President Robertson of the B. of L. F. & E. and one of the vice presidents, all to no avail.

Except for a six-months period in 1933 our efforts to get a small share of the work has availed us exactly *nothing*. Our freight crews have consistently worked up to 38 days per month and over, and our passenger crews have worked up to 48 days per month and over, all through the depression. In the meantime firemen 20 years in the service like myself, have had their homes taken away from them—had their gas, electricity and water turned off, and they and their families have gone hungry many a day, but the old heads have resisted our every effort to get them to divide even one mile with us.

In this territory the ill-feeling between some of the old heads and some of the young heads is so great that some of them do not speak to each other. Now if you have any formula which the young men on the Chesapeake & Ohio can use to make ourselves heard, please mail it to us at once and we will be glad to try it.

Hoping this clears up in your mind "the silence of the younger employees,"

C. A. CUNNINGHAM.

[If the junior employees would not confine themselves to talking "mileage," which is a term the public does not understand, but would write their Congressmen and their newspapers telling in dollars and cents how much the "old heads" are making while they are left out in the cold, our guess is they would soon have all the public and political support they need to change conditions. The general public has no idea what "mileage hogging" means in dollars and cents—and it is up to the employees who are the victims of this practice to make the facts known in terms the public can understand.—EDITOR.]

An Investor Suggests Wage Regulation by I. C. C.

MAINE

TO THE EDITOR:

As a stockholder who has lost most of what he has invested in railroad stock I have read with much interest some of your editorials in which you have given consideration to the plight of the stockholder.

It does seem to me, however, that you are so prejudiced against government regulation that you can not discuss that subject in a judicial spirit. How, I would ask you, can the railroad investors be protected from the excessive and confiscatory wage demands of the railway brotherhoods unless the Interstate Commerce Commission is given the power to set railway wages and working conditions? You know how negotiations are now carried on. The employees, having the power to tie up the railroads with a strike, have extorted unreasonably high wage scales and working conditions. What do you think of the fairness to the investors for a New England railroad to grant an increase in wages to its employees, as it did in the last national railroad increase, to the amount of about $2,800,000 annually? Many of the train service employees were already highly paid, certainly out of line with wages in industry elsewhere. As to the stockholders, those who paid over $100 a share for it a few years ago could get about $1.65 for a share now.

I am enclosing a clipping that shows how zealous the managements of the railroads are for the investors' interest—they have raised the pay of the officials. I wish your editorial columns would advocate more regulation by the Interstate Commerce Commission where the interests of the public as shippers and rate payers, of the employees, and of the investors can be considered by an impartial board.

STOCKHOLDER.

New Books

Failures of Driving Axles and Crank Pins. Published by the Association of American Railroads, Mechanical Division, 59 E. Van Buren street, Chicago. 78 pages, 8 in. by 10½ in. Bound in paper. Price $0.50 per copy to members; $1.00 to non-members.

This progress report presents an analysis of failures of driving axles and crank pins on steam locomotives operated on 34 railroads in the United States and Canada during the 6-year period ended December 31, 1936, being based on returns from a questionnaire sent out by the Mechanical Division. The report contains a large amount of valuable information for locomotive designers and railway officers responsible for locomotive maintenance and reliability in performance. Particular stress is laid on the need for further study of the subject with particular reference to the cause and prevention of overheating, fatigue characteristics and stress limits, also design and shop practices. This progress report is intended and well adapted to convey information which will be helpful in reducing the failures of steam locomotive axles and crank pins.

Passenger Car Axle Tests. Published by the Association of American Railroads, Mechanical Division, 59 E. Van Buren street, Chicago. 123 pages, 8½ in. by 11 in. Bound in paper. Price $1.50 per copy to members; $3.00 to non-members.

This first progress report covers a portion of the A. A. R. program of car axle fatigue tests conducted between December, 1937, and April, 1938, inclusive, in the research laboratory of the Timken Roller Bearing Company, Canton, Ohio. The report contains a summary of the fatigue data obtained during the six months test period, also a description of mill practice and tests pertaining to the axles tested.

Tests on full size axles are being made of three designs of axles including the standard A. A. R. 5½-in. by 10-in. axles with 7-in. wheel seat diameter; similar axles with 7⅝-in. wheel seat diameter and the collar removed; similar axles with 8⅛-in. wheel seat diameter and the collar removed. The tests completed to date on 7-in. wheel diameter axles indicate a fatigue strength of approximately 11,000 lb. per sq. in., as the stress below which the axle will not break off. The tests of 7⅝-in. wheel seat diameter axles have not yet been carried far enough to determine their fatigue strength. From tests of the 8⅛-in. wheel seat diameter axles, the indications are that this axle is stronger at the wheel seat than at the center portion.

One-fourth scale-size models of the three axle designs are being tested and the results obtained to date are given in this report. The report also includes illustrations of testing equipment and axle failures, microphotographs of the axle steel, profilograph records of surface finish, line diagrams of the wheel and axle assemblies tested, tabulated and graphical summaries of test results.

NEWS

Rail Workers Hold Protest Meeting

Union members adopt resolution refusing to accept proposed wage cut

Members of 21 standard railroad unions, numbering approximately 2,500 all told, held a mass meeting in the Manhattan Opera House, New York City, on June 26, and adopted a resolution to refuse to accept the proposed 15 per cent wage cut, declaring their readiness to strike if the cut is made effective.

F. H. La Guardia, mayor of the city, in addressing the men sought their co-operation in getting food into the city should a general strike be called. "I have a town here of 7,000,000 people, just a railroad town," he said. "I can't raise wheat on the sidewalks of New York, or graze enough cows in Central Park to feed the people. But I must feed this town. If there will be an interruption in service, I want you boys to tell me about it, and we will sit down together and find some way of bringing food into the city of New York." The mayor then went on to discuss the financial situation of the carriers, in general placing the blame largely on what he called "bad management" and put forth suggestions that economies must be effected by "re-organizing the territory that each railroad is to serve" and the elimination of competing lines.

Mayor La Guardia then argued that a "major operation" is necessary on the roads. "You have been treating the patient for poison ivy when what it needs is to cut off a leg or an arm." Again he said: "The government has been giving the railroads one shot in the arm after another until we have reached a point where we don't know whether the patient can take any more dope or whether the doctor has run out of dope."

Leaders of labor organizations outside the standard railroad group also appeared to encourage the workers' resolution. They included L. G. Hines, director of organization for the American Federation of Labor, who brought words of encouragement from President William Green, and Michael Quill, president, Transport Workers of America, a C. I. O. affiliate, who pledged the support of his organization. Among those leaders of railroad unions who spoke were J. G. Luhrsen, president of the American Train Dispatchers Association, and now the Washington, D. C., executive secretary-treasurer of the Railway Labor Executives Association; B. C. Lewis, vice-president, Order of Railroad Telegraphers; and J. A. McBride, vice-president, Brotherhood of Locomotive Firemen & Enginemen.

Senator Robert F. Wagner of New York, sent a telegram to the meeting in which he reiterated his "firm opposition to the proposed wage cut," averring that public sentiment was with the railroad employees.

$45,288,504 Net For First Five Months of 1938

Class I railroads of the United States in the first five months of 1938 had a net railway operating income of $45,288,504, which was at the annual rate of return of 0.54 per cent on their property investment, according to reports filed by the carriers with the Bureau of Railway Economics. In the first five months of 1937, their net railway operating income was $240,111,987 or 2.85 per cent on their property investment, and in the first five months of 1930, their net railway operating income was $301,732,780 or 3.51 per cent on property investment.

Class I railroads in May had a net railway operating income of $16,496,701 or 0.86 per cent on investment. In May, 1937, their net railway operating income was $44,239,456 or 2.32 per cent on investment, and in May, 1930, was $67,790,336 or 3.41 per cent return on investment.

Says S. P. Subsidiary is Subject to Retirement Act

The Interstate Commerce Commission, Division 3, has found that the proposed operation of the Interurban Electric, a subsidiary of the Southern Pacific, will be a part of the Southern Pacific's general steam-railroad system and therefore will not be exempted from the provisions of the Railroad Retirement Act and the Carriers Taxing Act. The Interurban Electric has been organized to operate the Southern Pacific's electric service across the new San Francisco-Oakland bridge and will begin operation upon completion of the railway being constructed across the bridge by the California Toll Bridge Authority. The commission found that the Southern Pacific's employees will be used to operate the new line and that they will maintain their seniority with the Southern Pacific.

Progress Made On Car Rental Plan

Shipstead reports that he has received many favorable reports on scheme

Senator Shipstead, Farmer-Laborite of Minnesota, reports that considerable progress is being made towards the realization of his national car trade-in plan which was briefly reviewed in last week's *Railway Age*. The Senator talked with the President on June 24 regarding his proposal and reported that Mr. Roosevelt was favorably impressed with it. At the same time the legal department of the Public Works Administration was studying the plan to see whether or not that agency could provide the financing for the 300,000 cars contemplated in the scheme. As the *Railway Age* went to press, Senator Shipstead stated that the PWA legal department was a "little leery" as to whether or not they could legally undertake the work and that they were conferring with the Reconstruction Finance Corporation to see whether or not that agency would be interested in providing the money necessary for the construction.

The Senator said that he had received a large amount of correspondence regarding his plan and that none of the letters contained any unfavorable comment. President Pelley of the Association of American Railroads told reporters that he had received a copy of the plan and that the A. A. R. railroad presidents who were in Washington last week attending a monthly directors' meeting, were favorably impressed with the idea.

Under the plan as conceived by Senator Shipstead, the railroads would sell for scrap 300,000 freight cars which, the Senator contends, are now nothing but a source of additional out-of-pocket costs to the roads and replace them with new and modern equipment. The Government would place orders immediately for at least 300,000 freight cars and sell them to the various roads on an installment payment plan. The Senator proposes that the obsolete cars be disposed of as quickly as possible to relieve the roads of an unnecessary expense and turn them into cash by realizing their estimated average scrap value of $100 a car. All or part of the $30,000,000 realized in this way, he said, could be used as a down payment on the new cars.

The Senator estimates that the cost of the new cars would be $700,000,000. Such

a sum, when it is spent for materials and labor, according to Senator Shipstead, should create a tremendous buying power by causing a turnover of approximately $7,000,000,000. Isadore Lubin, chief of the Bureau of Labor Statistics of the Department of Labor, has told the Senator that this project would create 681,000,000 man hours of employment or one-year's work for 340,000 men. The Senator also points out that no branch of construction gives such widespread employment in so many locations as freight car building. He believes that there would be an immediate upbuilding of the various communities in which the plants manufacturing railroad cars, steel plants, foundries, and miscellaneous plants for incidental materials are located.

"In this connection," said the Senator, "it should not be overlooked, that each ton of new steel requires almost four tons of raw materials—iron ore, coal, limestone and the like. In addition to these raw materials there are required at least an additional two tons of fuel and other materials to operate the manufacturing plant for each ton produced."

According to Mr. Shipstead's estimates, the 300,000 cars would require about 4,500,000 tons of steel. He also stressed the fact that labor would receive the largest share of the expenditures for this new equipment all along the line from the mines to the finished cars. Workers in the railroad shops, where unemployment has been particularly heavy, would benefit greatly from the program, in the Senator's opinion.

Under Senator Shipstead's plan the Government would turn the new cars over to the various railroads under a lease-sale agreement, extending over a period of from 15 to 20 years, carrying interest at the rate of 2½ per cent on the deferred balance. The Government would retain the title to the equipment until the entire amount of the lease has been paid, at which time the title would pass to the railroads. The Senator points out the fact that a car costing $2,000 leased for 15 years with interest at 2½ per cent would require a daily payment of 44 cents a car for both principal and interest. If the period of the lease were 20 years, the daily requirement would be only 35 cents.

He also calls attention to the fact that because many railroads do not have sufficient equipment, they are paying other railroads a per diem charge of $1 for each car used. "Under the proposed plan," he said, "the daily cost to the roads in principal and interest would be from 35 to 55 cents. This would mean a saving of from 45 to 65 cents a day in their operating costs; and, in addition, they would be acquiring an equity in the new cars with a payment of 35 to 55 cents a day. At the end of the lease period, the roads would own the cars, paid for on a low daily rental basis."

The Senator's plan is based on the experience of the Minneapolis & St. Louis. According to Senator Shipstead, when L. C. Sprague, one of the trustees, took over that road in 1935, it was undermaintained. The road had 4,800 obsolete cars that had not moved for 15 years. One of the first things that Mr. Sprague did, according to the Senator's statement, was to scrap the old cars, and with some of the money received by this method, he bought 75 new freight cars outright. He also purchased 402 new freight cars on a "rental-lease" plan, similar to the one now proposed by Senator Shipstead. These changes enabled the road to make substantial savings on the $1 a day charged it for the use of "foreign cars." In addition to this, continued Senator Shipstead, Mr. Sprague replaced the road's wooden passenger cars with steel underframe cars and scrapped 50 old light locomotives and equipped the heavier locomotives with the most modern devices.

"Although the period of Mr. Sprague's management has been one of declining revenues for all railroads," the statement continues, "the M. & St. L. has shown a larger net income with a much smaller gross. Under the old receivership the road had an average annual gross revenue of $12,439,924 and $141,815 of this, or 1.4 per cent, was net operating income. Since 1935 the average annual revenues have been $8,359,873 but they yielded $387,898 or 4.64 per cent in net operating income."

"I believe the methods pursued in the last three years by Lucien C. Sprague, operating receiver of the Minneapolis & St. Louis," declared the Senator, "are an outstanding accomplishment in American railroad history and are worthy to be copied by other roads. This plan bids fair to help lead that road out of receivership, preparatory to a sensible plan or reorganization."

The Senator also feels that the plan will be of use in helping other roads and protecting investments of bondholders, saving the jobs of railroad employees and creating new jobs for thousands of other laborers, not only in railroad labor but other industries as well.

Commenting on the economics of the plan, Senator Shipstead pointed out that it is costing the railroads $100 annually for each of the 300,000 useless cars in out-of-pocket costs to cover taxes, interests, insurance and the cost of 2,500 miles of track occupied by these unused cars. The total loss, he said, of $30,000,000 would pay five per cent interest on an investment of $600,000,000.

In summarizing his plan Senator Shipstead declared that it would create a foundation for long term prosperity, release $7,000,000,000 in spending power, insure extensive re-employment, pay workers $500,000,000 in initial wages, make an asset out of a dead liability, save railroads $30,000,000 annually, solve one major rail problem, provide 300,000 new freight cars, be self-liquidating, securely financed and use 20,000,000 tons of raw materials.

The Senator feels certain that labor and the railroads, as well as the steel plants, will cooperate wholeheartedly with the Government in carrying out this plan. He concluded by pointing out that much of the success of the plan depends upon the willingness of the steel industry to agree upon a reasonable price for steel that would spread the available money as far as possible.

Status of RFC Rail Loans

The financial statement of the Reconstruction Finance Corporation as of May 31, 1938, shows disbursements to railroads (including Receivers) of $573,558,739 and repayments of $183,325,528.

Texas Intra-State Rates

Railroads operating in Texas have asked the Interstate Commerce Commission to issue an order increasing Texas intrastate rates to the same relative basis as the interstate rates authorized in the Ex Parte 123 decision.

Luncheon to Honor Plaisted

Industrial and railroad friends of Frank H. Plaisted, who retired on June 1 as freight traffic manager of the Southern Pacific at Chicago, will honor him at a special luncheon in the Red Lacquer room of the Palmer House, Chicago, on July 8.

Enthusiast Trip

Railroad Enthusiasts, Inc., New England division, announces an inspection tour of the Boston & Albany engine terminal at Worcester, Mass., on Sunday, June 26. Transportation to and from Worcester from Boston will be afforded by regular trains. Excursion tickets are available for members of the inspection group.

Purchases and Stores Committees Meet

In lieu of its convention, the Purchases and Stores Division, A. A. R., wil hold a meeting of its General and Advisory committees at the Palmer House, Chicago, on Wednesday, July 13, to consider the reports prepared by its committees, and to pass upon their release.

Eastern Car Foremen to Hold Golf Tournament

The Eastern Car Foreman's Association will hold its sixth annual golf tournament and field day at the Race Brook Country Club, New Haven, Conn., on Thursday, July 14. F. H. Becherer, assistant superintendent motive power and rolling equipment, Central of New Jersey, is general chairman of the outing.

I. C. C. Suspends Fruit and Vegetable Rate Increases

The Interstate Commerce Commission has suspended from June 30 until January 30, 1939, the operation of certain schedules proposing to increase rates on fresh fruits and vegetables, in carloads, from points in Pacific Coast and Intermountain territories to destinations in the United States and Canada.

R. R. Retirement Board Issues Regulations

The Railroad Retirement Board has prescribed "Regulations Under the Railroad Retirement Act of 1937," effective as of June 1, 1938, which supersede all previous regulations. The following matters are governed by the regulations: Definitions, employers, employees, employment relation, employee representative, eligibility for an annuity, execution and filing of an applica-

tion, annuity beginning date, relinquishment of rights, definition and creditablity of service, definition and creditability of compensation, computation of an annuity, elections of joint and survivor annuities, payments at death, payments of benefits of $500 or less, pensions, reports, information, hearings and witnesses, recovery of erroneous payments, appeals within the Board, and applicability of 1935 or 1937 Act.

N. H. All-Commodities Tariff Suspended

The Interstate Commerce Commission has suspended from June 17, until January 17, 1939, the operation of schedules published by the New York, New Haven & Hartford, proposing reduced rates on all commodities, in mixed carloads, between Readville, Mass., and Harlem River, N. Y., to meet motor-truck competition.

Pullman Equipment—A Correction

In the description of the new equipment for the Broadway and Century trains in the June 18 issue of the *Railway Age* the captions "A Double Bedroom in the Daytime" and "The Spacious Interior of the New Drawing Room in the Daytime" on pages 1012 and 1013, respectively, have been transposed. The illustration on page 1012 is that of the new drawing room, while that on page 1013 is of the double bedroom.

Kansas Intrastate Rates

Railroads operating in Kansas have applied to the Interstate Commerce Commission for an order increasing Kansas intrastate rates on specified commodities in accordance with increases in interstate rates authorized in the Ex Parte 123 decision. The commodities involved are brick and kindred articles, sand and gravel, livestock and petroleum and petroleum products, upon which the Kansas Corporation Commission has refused to permit the increases.

C. P. Engineer Cites "Human" Qualities of Locomotives

W. A. Newman, chief mechanical engineer, Canadian Pacific, Montreal, Que., addressed the Rotary Club of Westmount, Que., on June 22 on the subject "The Locomotive—Its personality, functions and disorders." In his talk, which was non-technical in character, Mr. Newman reviewed the recent "dressing up" of locomotives and discoursed at some length on the similarity between the steam locomotive and the human being.

MacDonald Appointed to Pan American Highway Board

The President has approved the designation of Thomas H. MacDonald, chief of the Bureau of Public Roads of the Department of Agriculture, as the representative of the United States on the Commission of Technical Experts, as provided in the Pan American Highway Convention signed at Buenos Aires, Argentina, on December 23, 1936, and ratified by the United States on July 15, 1937. The announcement from the Department of State points out that each ratifying government may appoint a representative on the Commission of Technical Experts, which is being organized for the purpose of coordinating the work of the different governments in connection with the construction of the Pan American Highway and also to complete the studies and formulate the necessary projects in those countries which may need the cooperation of the Commission.

Arch Bar Truck Date Extended

In a circular sent to all car owners under date of June 25, 1938, J. M. Symes, vice-president, Association of American Railroads, Operations and Maintenance department, announces that the effective date of the interchange rule prohibiting the interchange of cars equipped with arch bar trucks has been extended six months. Interchange Rule 3, Sec. (t), Par. (4), in the 1938 code, provides that effective July 1, 1938, cars with arch bar trucks will not be accepted from car owners. The Board of Directors, in considering this rule, has extended the effective date until January 1, 1939.

President Signs Unemployment Insurance Bill

President Roosevelt has signed railroad labor's unemployment insurance bill, which was rushed through Congress during the recent session's closing days, despite the Treasury Department's action in transmitting to House and Senate committees the advice it had received from the Bureau of the Budget that "the proposed legislation would not be in accord with the program of the President." Provisions of the law were summarized in the *Railway Age* of June 25, page 1060.

Enthusiasts to Tour N. Y. C. Catskill Mountain Branch

The New York Central will operate a special tour for railroad enthusiasts out of New York to Kaaterskill, N. Y., on Sunday, July 10. The special train, leaving Grand Central terminal, New York City, will proceed along the main line and cross the Castleton bridge to Selkirk yard where an inspection will be made of the facilities The party will then proceed down the West Shore to Kingston where the train will be placed on the tracks of the Catskill Mountain branch (formerly the Ulster & Delaware) and make a trip to Kaaterskill and return. From Kingston the train will make a fast run to the West Shore terminal at Weehawken, N. J.

Mid-West Forecasts Decrease in Car Loadings

A forecast of car loadings made by the Mid-West Shippers' Advisory Board preparatory to its summer meeting at the Schroeder Hotel, Milwaukee, Wis., on July 7, shows that, during the third quarter of 1938, shipments in the territory of that board will decrease 19.3 per cent, as compared with the same quarter in 1937. Decreases ranging as high as 50 per cent are forecast for the shipments of all commodities, excepting grain, hay, straw and alfalfa, potatoes and livestock, the shipments of which will increase 25, 20, 3 and 30 per cent respectively.

At the meeting on July 7 special reports will be made for the Grain Committee. the Livestock Committee, and the Committee on Closed Hopper Cars. During the afternoon those attending the meeting will inspect the Milwaukee terminal.

Ft. Smith, Subiaco Seeks to Reorganize

The Ft. Smith, Subiaco & Rock Island, which operates 13.6 miles of line between Paris, Ark., and Scranton, has filed a petition for reorganization, under section 77 of the bankruptcy act, in the federal district court for western Arkansas. The railroad was incorporated on April 12, 1919, to succeed the Ft. Smith, Subiaco & Eastern. The road was originally called the Paris, Subiaco Traction Company, the name being changed to Ft. Smith, Subiaco & Eastern on July 5, 1909. The extension from Scranton to Dardanelle, 26 miles, was placed in operation on September 1, 1920, and on the same date operation on the line from Dardanelle to Ola, under trackage rights from the Chicago, Rock Island & Pacific, was begun. In February, 1937, the Interstate Commerce Commission authorized the company to abandon that part of its line extending from Dardanelle to Scranton. At present, the line from Paris to Scranton, 13.6 miles, is in operation.

Olympian Hits C. C. C. Train

A member of the Civilian Conservation Corps was killed and two passengers and two employees were injured when a westbound Olympian train of the Chicago, Milwaukee, St. Paul & Pacific ran head on into an eastbound special train, carrying 500 C. C. C. boys, one mile west of Ingomar, Mont., on June 25. While only the locomotive of the Olympian was damaged, the locomotive, mail car and two mess cars of the special jumped the track and rolled down an embankment. The collision was due to the failure of the crew of the Olympian to observe train orders which provided that the Olympian wait at Ingomar until the C. C. C. special had entered a siding.

Mechanical Division Elects Officers

As a result of letter ballot vote of the members and associate members of the Association of American Railroads, Mechanical division, the following have been elected to serve as chairman and vice-chairman of the division for two years until June, 1940. Chairman, F. W. Hankins, chief of motive power, Pennsylvania System; W. H. Flynn, general superintendent motive power and rolling stock, New York Central System.

The following have been elected as members of the General Committee to serve until June, 1940: D. S. Ellis, chief mechanical officer, Chesapeake & Ohio; O. A. Garber, chief mechanical officer, Missouri Pacific; R. G. Henley, superintendent motive power, Norfolk & Western; F. R. Mays, general superintendent equipment, Illinois Central; John Purcell, assistant to vice-president, Atchison, Topeka & Santa Fe; A. L. Ralston, general mechanical superintendent, New York, New Haven &

Hartford. J. W. Burnett, general superintendent motive power and machinery, Union Pacific, has been elected to serve as a member of the General Committee for the balance of the term of W. H. Flynn, which expires June, 1939.

B. & M. Advertises Fourth of July Trains with Fake Firecrackers

Ten thousand "firecrackers" were passed out this week by young ladies to passengers in the concourse of the Boston & Maine's North station, Boston, Mass., to advertise Fourth of July excursions scheduled by the road. Each of the firecrackers, which were manufactured in the regular way except that no powder was inserted, was papered with a standard "flyer" of the railroad excursion type, printed on red paper. Rolled up on the cardboard core of the "firecracker," the "flyer" appeared to be the cover of a very convincing Fourth of July noisemaker. On the top of the firecrackers was imprinted "Open with care at home." It is gravely reported that hundreds of commuters found them material for practical jokes.

Olympian Dead Reach 47

Final figures for the accident of the Olympian, of the Chicago, Milwaukee, St. Paul & Pacific, which plunged through a bridge near Saugus, Mont., on June 19, as described in the *Railway Age* of June 25, show that of the 193 persons on board, including 25 employees, 47 persons were killed and 65 were given hospitalization. Of the 47 persons, 44 persons, including two passengers and a porter who have not yet been found, were drowned, while 3 persons died enroute to the hospital. Of the 44 bodies recovered, 37 were found at the scene of the accident, while 7 were taken out of the Yellowstone river at Terry, Sidney and Glendive. Two of these were taken from the river at Glendive, 50 miles from the accident, as late as June 25.

Opposes Relief to Roads on Crossing Removal Costs

Governor Lehman of New York, in a message to the state constitutional convention now in session, urges defeat of the Moses proposal to amend the constitution so that the carriers would be relieved of payments for grade crossing elimination projects scheduled by the state. Briefly, the Moses proposal would place on the state the entire cost of grade crossing removal work under a $300,000,000 bond issue previously authorized. Heretofore the railroads have borne 50 per cent of the cost and the remaining 50 per cent has been divided between the state, municipalities and counties. By the Moses amendment the state would assume the entire cost of any project for which construction work was not commenced before January 1, 1939.

The governor bases his objection to the proposal chiefly on the charge that it will relieve the carriers of about $100,000,000 which they would have to bear under existing provisions; that it will increase the bonded debt of the state in a few years by approximately $200,000,000; and that the elimination work itself, while primarily a safety measure, is of great benefit to the railroads through savings in the elimination of crossing watchmen and safety devices and lessened claims for crossing accidents. In short, he is of the opinion that "in the aggregate, the benefits to the railroads largely if not wholly compensate for the capital expenditures which the railroads have had to assume."

Answering the argument that, if the amendment is not enacted, elimination work will lag because of the present inability of the carriers to undertake their share of the costs, the governor asserts that "the income and earnings of the railroads fluctuate like those of other industries . . . it does not appear sound that a permanent state policy should be based on a temporary condition of the railroads."

Grade Crossing Accidents Decrease

Fatalities resulting from highway-railroad grade crossing accidents in the first three months of this year totaled 362, a decrease of 133 compared with the corresponding period last year, according to the Safety Section of the Association of American Railroads.

In the first three months this year, 1,145 persons were injured in such accidents compared with 1,497 in the corresponding period in 1937. Accidents at highway-railroad grade crossings in the three months' period this year totaled 933, a decrease of 366 compared with the first three months in the preceding year.

In March, there were 105 fatalities resulting from highway-railroad grade crossing accidents, a decrease of 58 below the number in March, last year. Persons injured totaled 275 compared with 480 one year ago. Highway grade crossing accidents in March, this year, totaled 261 compared with 425 in March, last year.

Reports filed with the Interstate Commerce Commission show that in 1937, of the total number of motor vehicles involved in accidents at highway-railroad grade crossings, 77.13 per cent were passenger automobiles and 22.03 per cent were motor trucks.

May Truck Loadings 19.66 Per Cent Under Year Ago

Movement of commodities by motor truck in May reflected an 0.75 per cent drop from the previous month and a 19.66 per cent decrease under the corresponding month last year, according to the monthly survey compiled by the American Trucking Associations, Inc. The A. T. A. index figure based on the 1936 monthly average as 100 stood at 92.24 in May as against 94.88 in April, and 118.1 in May, 1937.

Reports were received from 135 carriers in 33 states, having aggregate loadings of 449,956 tons in May as compared with 560,059 tons in the same month last year and 453,343 tons in April, 1938. In the general merchandise class, May tonnage was 0.2 per cent under April and 11.91 per cent under May, 1937. A large decrease was shown in the movement of iron and steel, the figures for the month under review were 61.37 per cent under May a year ago. However, a slight rise of 0.01 per cent was noted over April. Movement of cars and trucks by automobile transporters in May dropped 7.11 per cent under April, and was 58.04 per cent under May last year. Haulers of petroleum products reported increases, the month's tonnage being 2.75 per cent over April and 13.40 per cent over the figure for May, 1937.

Arch-Bar Trucks Get Six-Months Reprieve; Average Per Diem Off

Directors of the Association of American Railroads, meeting in Washington on June 24, gave the arch-bar truck an additional six months lease of life and postponed indefinitely the average per diem plan. The question of applying for further increases in rates was considered, but the matter was left in the hands of a committee of traffic officers who are scheduled to hold a meeting in Chicago on July 6.

The effective date of the order prohibiting the use of cars equipped with arch-bar trucks in interchange service was previously postponed from January 1 to July 1 when the A. A. R. last November extended the deadline with the proviso that "after April 1, 1938, mileage or per diem shall not be paid car owners for cars equipped with arch-bar trucks." This proviso, lifted by a March 31 ruling, remains lifted and thus the present situation is continued until the end of the year. J. J. Pelley, president of the A. A. R., said that only about two per cent of the total railroad-owned cars, which are regarded as suitable for service or worthy of repairs, are now equipped with arch-bar trucks.

The average per diem plan, which was in effect from May 1, 1935, until July 1, 1937, has had two postponements of six months each. Now it is off indefinitely while the A. A. R. gives the proposition further study.

Eucharistic Congress Keeps Canadian Roads Busy

The two major Canadian railroads were confronted with difficult operating problems on the occasion of the National Eucharistic Congress which was held in Quebec, Que., June 22 to 26. Not only were scores of special trains operated from various parts of the Dominion, but it was necessary to re-write timetables temporarily for the occasion. In addition, regular week-end excursions were curtailed so that extra equipment might be available for the congress. Between 250 and 300 extra coaches were brought to Montreal, Que., alone from various points in eastern Canada for assignment on the temporary train schedules.

The heaviest traffic was carried on Sunday, June 26, when thousands of Canadians made a one-day trip to Quebec to view the closing ceremonies of the congress. According to estimates by both the Canadian Pacific and Canadian National, an approximate total of 40,000 people arrived at that point by 50 special and regular trains on Sunday. The heaviest route of travel was that between Montreal and Quebec, which was handled by the railways' pooled trains. Eleven specials were operated between 10 p. m., June 26, and 3 a. m., June 27, from

Quebec to Montreal, carrying between 10,000 and 12,000 passengers. A total of 17 special trains left Quebec in the evening of the closing day for various points in the dominion.

Mediation Board Sets Precedent

An important precedent was set by the National Mediation Board on June 16 and June 20 respectively in the cases of the Norfolk & Western and the Maine Central. These disputes involved jurisdictional questions as between the Order of Railway Conductors and the Brotherhood of Railroad Trainmen in both cases. The board had designated the O. R. C. as the authorized representative of the conductors as the result of elections held in 1935. These elections were questioned by the B. R. T., which made a successful appeal to the United States Court of Appeals for the District of Columbia to have the cases reheard. The B. R. T. contended that the votes of trainmen qualified as conductors, and known variously as "emergency conductors" and "unassigned conductors" should be counted and, on both the N. & W. and the Me. C., if such men had voted for the B. R. T., the result would have been a majority for that body and the mediation board would have had no alternative under the law but to certify the B. R. T. as the representative of both the trainmen and the conductors in both cases. In its decisions referred to above, however, the board held that an employee cannot vote under two separate crafts, and that the only employees entitled to vote as conductors are those who spend the majority of their working hours as conductors. It denied the contention of the B. R. T. that all men qualified to work as conductors are entitled to vote as conductors.

Freight Car Loadings

Loading of revenue freight for the week ended June 18 totaled 555,569 cars, an increase of 1,715 cars or three tenths of one per cent above the preceding week, but a decrease of 197,218 cars or 26.2 per cent below the corresponding week in 1937 and a decrease of 370,497 cars or 40 per cent below the same week in 1930. All commodity classifications except live stock and ore showed increases over the preceding week, while all commodity classifications except grain showed decreases under last year. The summary, as compiled by the Car Service Division, Association of American Railroads, follows:

Revenue Freight Car Loading

For Week Ended Saturday, June 18

Districts	1938	1937	1936
Eastern	114,372	155,096	146,605
Allegheny	101,613	158,374	137,563
Pocahontas	35,250	46,652	45,992
Southern	83,938	101,501	95,067
Northwestern	78,758	126,607	113,339
Central Western	96,008	111,251	98,883
Southwestern	45,630	53,306	53,218
Total Western Districts	220,396	291,164	265,440
Total All Roads	555,569	752,787	690,667
Commodities			
Grain and Grain Products	36,568	31,017	34,050
Live Stock	10,064	10,395	11,686
Coal	82,830	112,917	103,993
Coke	4,151	9,676	8,297
Forest Products	26,592	39,272	34,380
Ore	24,740	72,109	50,485
Merchandise l.c.l.	146,308	168,250	160,890
Miscellaneous	224,316	309,151	286,886
June 18	555,569	752,787	690,667
June 11	553,854	750,500	686,643
June 4	502,624	688,987	695,844
May 28	562,061	790,503	646,812
May 21	545,808	775,074	683,590
Cumulative Total, 24 Weeks	13,082,501	17,467,884	15,336,370

In Canada.—Car loadings for the week ended June 18 totaled 43,177 as against 41,466 for the previous week, and 49,044 a year ago, according to the compilation of the Dominion Bureau of Statistics.

	Total Cars Loaded	Total Cars Rec'd from Connections
Total for Canada:		
June 18, 1938	43,177	18,869
June 11, 1938	41,466	19,946
June 4, 1938	43,145	19,033
June 19, 1937	49,044	26,199
Cumulative Totals for Canada:		
June 18, 1938	1,054,883	509,947
June 19, 1937	1,139,208	674,554
June 13, 1936	1,033,177	566,601

B. & M. Officer Presides at Dedication of Aerial Tramway

L. F. Whittemore, assistant to president of the Boston & Maine and the Maine Central and a member of the New Hampshire Aerial Tramway Commission, presided at official ceremonies on June 28, at Franconia Notch, N. H., which opened the first aerial mountain tramway in the country. The system was built at a cost of $250,000 as a recreational facility. The key to the tramway was presented to Governor Murphy of the state by C. F. Hood, president of the American Steel and Wire Co., constructors of the tramway. Following the dedication ceremonies the official party motored to the base station of the Mount Washington Cog Railway and inspected the cog road as guests of H. N. Teague, president.

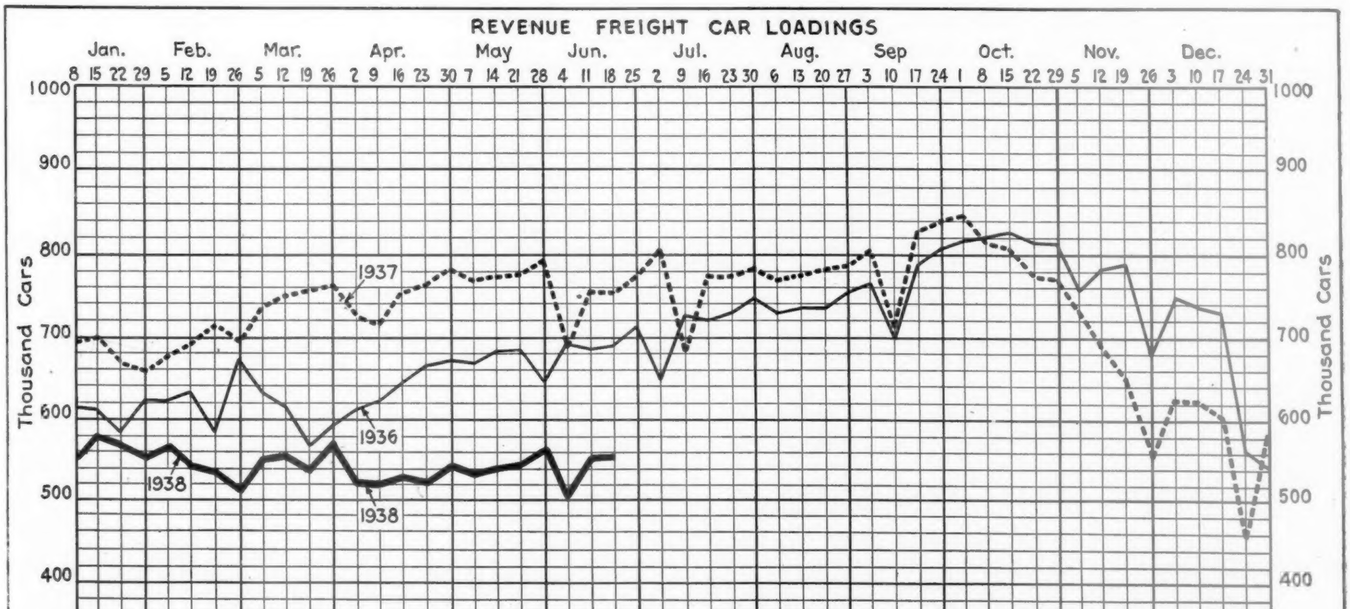
C. N. R. to Spend $14,000,000

The Canadian National will make new equipment purchases amounting to nearly $14,000,000 during the present year, according to J. L. Ilsley, acting Finance Minister, when piloting through the House at Ottawa a bill authorizing a loan of $17,574,233 to meet expenditures and indebtedness incurred in this calendar year.

This latter amount was to deal with retirement of maturing obligations and payments of sinking fund, $9,019,233; additions and betterments, including co-ordination and acquisition of property, not exceeding $8,555,000.

It was explained by the Minister that $12,321,392 was to be spent on general additions and betterments, less equipment retirements amounting to $7,921,392. This left a balance, said Mr. Ilsley, of $4,400,000 as the sum required for general additions and betterments. The general additions and betterments for the year 1938 to be paid for out of capital would be $4,400,000.

There were new equipment purchases, in addition, said Mr. Ilsley, amounting to $3,455,000. That sum was only one-quarter of the new equipment purchases that would



be made this year, but the railway company itself had power under legislation passed some years ago to purchase or issue notes for raising money for the payment of three-quarters of the sum required for new equipment purchases, and the House had to vote the other quarter, which was $3,455,000.

Director General's Annual Report

Secretary of the Treasury Henry W. Morgenthau, Jr., in his capacity as Director General of the Railroads, has submitted his annual report to President Roosevelt. In this report for the year ended December 31, 1937, he points out that steps were taken to expedite the closing and final liquidation of matters growing out of the control of the railroads during the period of December 28, 1917 to February 29, 1920. According to Mr. Morgenthau, the office of the Administration was moved to the Treasury Building, and effective, March 1, 1937, the personnel was reduced from seven employees to one employee.

"The duties incident to the winding up of the Administration," he continued, "are carried on by employees of the Treasury in connection with their regular duties, under the general supervision of the Director General of Railroads. Under this procedure total administrative expenses for 1937 were reduced to $7,541 as compared with $32,863 for the year 1936. Total expenses for 1938 are estimated at less than $1,800."

The report states that at the close of business December 31, 1937, the Director General's cash and appropriation balances aggregated $2,385,158. Subsequently, $2,261,386 in cash and appropriation balances were transferred to the surplus fund of the Treasury because of the fact that the money was no longer needed for the purposes for which it was appropriated.

President Now Anticipates No Special Session

The failure "to meet my suggestion that it take the far-reaching steps necessary to put the railroads of the country back on their feet" was listed by President Roosevelt in his June 24 "fireside chat" as an example of the "many things" left undone by the adjourned seventy-fifth Congress which, on the other hand, "achieved more for the future good of the country than any Congress between the end of the World War and the Spring of 1933."

Despite the talk of a special session to deal with the railroad problem, the President evidently does not at this time anticipate that such will be necessary. "Barring unforeseen events," he said at the outset of the June 24 radio address, "there will be no session until the new Congress, to be elected in November, assembles in January."

Meanwhile the Chamber of Commerce of the United States has issued a "Congress—In Retrospect" supplement to the latest number of its "Washington Review." This resume lists the proposals to liberalize Reconstruction Finance Corporation loans to railroads as "perhaps the bills most noticeably left upon the calendar, and unpassed." Reporting on railroads to his fellow directors at the June meeting of the Chamber's Board, S. T. Bledsoe, president of the Atchison, Topeka & Santa Fe presented figures "showing that for the first four months of the year railroad revenues were in a very unsatisfactory condition." Mr. Bledsoe also noted that "while Congress had refrained from passing several bills that would have greatly increased operating expenses, it had accomplished nothing toward the adoption of a constructive railroad program." The A. T. & St. F. president went on to express the hope that "before the convening of the next Congress careful study would be made of all aspects of the problem."

Motor Carrier Safety Regulations

Examiner R. W. Snow has recommended in a proposed report that the Interstate Commerce Commission make three findings in connection with safety regulations to be prescribed for motor carriers otherwise exempt from federal regulation under the Motor Carrier's Act's section 203(b). The report is upon further hearing on Ex Parte No. MC-4, In the Matter of Qualifications of Employees and Safety of Operation and Equipment of Common and Contract Carriers by Motor Vehicle.

Examiner Snow's recommended findings are as follows:

(1) That the transportation of passengers and property wholly within a municipality or between contiguous municipalities or within a zone adjacent to and commercially a part of such municipality or municipalities, whether such transportation is or is not under a common control, management or arrangement for a continuous carriage or shipment to or from a point without such municipalities and zones is adequately regulated from the standpoint of safety by municipal ordinances and traffic codes and there is no need to prescribe additional regulations.

(2) That safety of operation does not require that each taxicab be equipped with a fire extinguisher and

(3) That except as to operations covered by recommended findings numbered (1) and (2), the rules and regulations prescribed by the order of Division 5 dated December 23, 1936, and by that order made applicable to all common and contract carriers engaged in interstate or foreign commerce except as to the special operations set forth in Section 203(b) of the Motor Carrier Act, 1935, are reasonable requirements with respect to the qualifications of employees and safety of operation and standards of equipment of common carriers and contract carriers by motor vehicle engaged in the special operations set forth in Section 203(b) of the Motor Carrier Act, 1935.

NIT League to Sound Out I. C. C. on Spotting Fees

Members of the National Industrial Traffic League, meeting at Chicago on June 28, authorized a committee on car spotting allowances to seek a joint meeting with the Association of American Railroads and the Interstate Commerce Commission to determine more clearly what principles the commission wishes followed in the subject of terminal allowances for car spotting in industrial plants. The meeting of industrial traffic managers was a third of a series of discussions on the general proceeding, following certain suggestions made by the commission to the railroads. The commission suggested that the railroads voluntarily withdraw all terminal allowances to industries in cases not specifically treated. Further, the commission recommended that the railroads withdraw all locomotives assigned to industries for intra-plant switching, unless tariffs specifying a charge for the services performed by these locomotives are placed in effect.

These developments followed action by the United States Supreme Court in upholding the right of the commission to issue orders against certain industries, banning payment by the railroads of car spotting allowances.

At the meeting of industrial traffic managers, several suggestions as to further action of the group were made. One provided that the league's committee present a petition to the commission, asking that the principal cases previously decided against the industries, be reopened for reconsideration on a new record. Throughout the discussion a uniform opinion prevailed that the commission's order banning allowances will be carried out.

Counsel for the Inland Steel Company and the Chicago By-Products Coke Company will appeal to the United States Supreme Court the final decree entered by the district court at Chicago on April 27, upholding the commission's order banning payment of car spotting allowances to these companies and the ruling of June 13 declining to modify the decrees.

The companies previously sought to recover from the railroads terminal allowances accumulated by them during the pendency of the litigation. This is the only part of the final decrees that the companies are contesting.

Meetings and Conventions

The following list gives names of secretaries, date of next or regular meetings and places of meetings:

Air Brake Association.—R. P. Ives, Westinghouse Air Brake Co., 350 Fifth Ave., New York, N. Y.

Allied Railway Supply Association. — J. F. Gettrust, 1108 New Post Office Bldg., Chicago, Ill.

American Association of Freight Traffic Officers.—W. R. Curtis, F. T. R., M. & O. R. R., 327 S. La Salle St., Chicago, Ill.

American Association of General Baggage Agents. — E. P. Soebbing, 1431-B Railway Exchange Bldg., St. Louis, Mo. Annual meeting, October 11-13, 1938, San Francisco, Cal.

American Association of Passenger Traffic Officers.—B. D. Branch, C. R. R. of N. J., 143 Liberty St., New York, N. Y.

American Association of Railroad Superintendents.—F. O. Whiteman, Union Station, St. Louis, Mo. Annual meeting, 1939, Chicago, Ill.

American Association of Railway Advertising Agents. — E. A. Abbott, Poole Bros., Inc., 85 W. Harrison St., Chicago, Ill. Annual meeting, January 20-21, 1939, Philadelphia, Pa.

American Association of Superintendents of Dining Cars. — F. R. Borger, C., I. & L. Ry., 836 S. Federal St., Chicago, Ill. Annual meeting, October 10-12, 1938, St. Paul, Minn.

American Railway Bridge and Building Association.—C. A. Lichty, 319 N. Waller Ave., Chicago, Ill. Annual meeting, October 18-20, 1938, Hotel Stevens, Chicago, Ill.

American Railway Car Institute.—W. C. Tabbert, 19 Rector St., New York, N. Y.

American Railway Development Association.—E. J. Hoddy (Second Vice-Pres.), Louisville & Nashville R. R., Louisville, Ky.

AMERICAN RAILWAY ENGINEERING ASSOCIATION.—Works in co-operation with the Association of American Railroads, Engineering Division.—W. S. Lacher, 59 E. Van Buren St., Chicago, Ill. Annual meeting, March 14-16, 1939, Palmer House, Chicago Ill.

AMERICAN RAILWAY MAGAZINE EDITORS' ASSOCIATION. — M. W. Jones, Baltimore & Ohio R. R., Mt. Royal Station, Baltimore, Md.

AMERICAN RAILWAY TOOL FOREMEN'S ASSOCIATION. — G. G. Macina, C., M., St. P. & P. R. R., 11402 Calumet Ave., Chicago, Ill.

AMERICAN SHORT LINE RAILROAD ASSOCIATION.—R. E. Schindler, Union Trust Bldg., Washington, D. C. Annual meeting, October 17-18, 1938, Chicago, Ill.

AMERICAN SOCIETY OF MECHANICAL ENGINEERS.—C. E. Davies, 29 W. 39th St., New York, N. Y. Annual meeting, December 5-9, 1938, 29 W. 39th St., New York, N. Y.

Railroad Division.—Marion B. Richardson, 21 Hazel Ave., Livingston, N. J.

AMERICAN TRANSIT ASSOCIATION.—Guy C. Hecker, 292 Madison Ave., New York, N. Y. Annual meeting, October 3-6, 1938, Royal York Hotel, Toronto, Canada.

AMERICAN WOOD PRESERVERS' ASSOCIATION.—H. L. Dawson, 1427 Eye St., N. W., Washington, D. C. Annual meeting, January 24-26, 1939, Willard Hotel, Washington, D. C.

ASSOCIATION OF AMERICAN RAILROADS. — H. J. Forster, Transportation Bldg., Washington, D. C.

Operations and Maintenance Department—J. M. Symes, Vice-President, Transportation Bldg., Washington, D. C.

Operating-Transportation Division. — L. R. Knott, 59 E. Van Buren St., Chicago, Ill.

Transportation Section.—L. R. Knott, 59 E. Van Buren St., Chicago, Ill.

Freight Station Section.—L. R. Knott, 59 E. Van Buren St., Chicago, Ill.

Operating Section.—J. C. Caviston, 30 Vesey St., New York, N. Y.

Medical and Surgical Section.—J. C. Caviston, 30 Vesey St., New York, N. Y.

Protective Section.—J. C. Caviston, 30 Vesey St., New York, N. Y.

Safety Section. — J. C. Caviston, 30 Vesey St., New York, N. Y.

Telegraph and Telephone Section. — W. A. Fairbanks, 30 Vesey St., New York, N. Y.

Engineering Division. — W. S. Lacher, 59 E. Van Buren St., Chicago, Ill. Annual meeting, March 14-16, 1939, Palmer House, Chicago, Ill.

Construction and Maintenance Section.—W. S. Lacher, 59 E. Van Buren St., Chicago, Ill. Annual meeting, March 14-16, 1939, Palmer House, Chicago, Ill.

Electrical Section.—W. S. Lacher, 59 E. Van Buren St., Chicago, Ill.

Signal Section.—R. H. C. Balliet, 30 Vesey St., New York, N. Y.

Mechanical Division.—V. R. Hawthorne, 59 E. Van Buren St., Chicago, Ill.

Electrical Section.—J. A. Andreucetti, 59 E. Van Buren St., Chicago, Ill.

Purchases and Stores Division.—W. J. Farrell, 30 Vesey St., New York, N. Y.

Freight Claims Division.—Lewis Pilcher, 59 E. Van Buren St., Chicago, Ill.

Motor Transport Division. — George M. Campbell, Transportation Bldg., Washington, D. C.

Car-Service Division.—E. W. Coughlin, Transportation Bldg., Washington, D. C.

Finance, Accounting, Taxation and Valuation Department.—E. H. Bunnell, Vice-President, Transportation Bldg., Washington, D. C.

Accounting Division. — E. R. Ford, Transportation Bldg., Washington, D. C.

Treasury Division.—E. R. Ford, Transportation Bldg., Washington, D. C.

Traffic Department. — A. F. Cleveland, Vice-President, Transportation Bldg., Washington, D. C.

ASSOCIATION OF RAILWAY CLAIM AGENTS.—F. L. Johnson, Claim Agent, Alton R. R., 340 W. Harrison St., Chicago, Ill.

ASSOCIATION OF RAILWAY ELECTRICAL ENGINEERS.—(See Association of American Railroads.—Mechanical Division.—Electrical Section.)

BRIDGE AND BUILDING SUPPLY MEN'S ASSOCIATION.—W. S. Carlisle, National Lead Company, 900 W. 18th St., Chicago, Ill. Meets with American Railway Bridge and Building Association.

CANADIAN RAILWAY CLUB. — C. R. Crook, 4468 Oxford Ave., N. D. G., Montreal, Que. Regular meetings, second Monday of each month, except June, July and August, Windsor Hotel, Montreal, Que.

CAR DEPARTMENT ASSOCIATION OF ST. LOUIS, MO. — J. J. Sheehan, 1101 Missouri Pacific Bldg., St. Louis, Mo. Regular meetings, third Tuesday of each month except June, July and August, Hotel Mayfair, St. Louis, Mo.

CAR DEPARTMENT OFFICERS' ASSOCIATION.—Frank Kartheiser, Chief Clerk, Mechanical Dept., C., B. & Q., Chicago, Ill.

CAR FOREMEN'S ASSOCIATION OF CHICAGO.—G. K. Oliver, 2514 W. 55th St., Chicago, Ill. Regular meetings, second Monday of each month, except June, July and August, La Salle Hotel, Chicago, Ill.

CENTRAL RAILWAY CLUB OF BUFFALO.—Mrs. M. D. Reed, 1817 Hotel Statler, McKinley Square, Buffalo, N. Y. Regular meetings, second Thursday of each month, except June, July and August, Hotel Statler, Buffalo, N. Y.

EASTERN ASSOCIATION OF CAR SERVICE OFFICERS. — J. T. Bougher, 424 W. 33rd St. (11th floor), New York, N. Y. Next meeting, September 29, 1938, New York, N. Y.

INTERNATIONAL RAILWAY GENERAL FOREMEN'S ASSOCIATION. — F. T. James, General Foreman, Delaware, Lackawanna & Western, Kingsland, N. J.

INTERNATIONAL RAILWAY MASTER BLACKSMITHS' ASSOCIATION.—W. J. Mayer, Michigan Central R. R., Detroit, Mich.

MASTER BOILER MAKERS' ASSOCIATION. — A. F. Stiglmeier, 29 Parkwood St., Albany, N. Y.

NATIONAL ASSOCIATION OF RAILROAD AND UTILITIES COMMISSIONERS.—Clyde S. Bailey, 806-808 13th and E Sts., N. W., Washington, D. C. Annual meeting, November 15-18, 1938, New Orleans, La.

NATIONAL RAILWAY APPLIANCES ASSOCIATION.—C. H. White, Room 1826, 208 S. LaSalle St., Chicago, Ill.

NEW ENGLAND RAILROAD CLUB.—W. E. Cade, Jr., 683 Atlantic Ave., Boston, Mass. Regular meetings, second Tuesday of each month, except June, July, August and September, Hotel Touraine, Boston, Mass.

NEW YORK RAILROAD CLUB. — D. W. Pye, 30 Church St., New York, N. Y. Regular meetings, third Friday of each month, except June, July, August, September and December, 29 W. 39th St., New York, N. Y.

PACIFIC RAILWAY CLUB. — William S. Wollner, P. O. Box 3275, San Francisco, Cal. Regular meetings, second Thursday of each month, alternately at San Francisco and Oakland, except June at Los Angeles and October at Sacramento.

RAILWAY BUSINESS ASSOCIATION.—P. H. Middleton, First National Bank Bldg., Chicago, Ill.

RAILWAY CLUB OF PITTSBURGH.—J. D. Conway, 1941 Oliver Bldg., Pittsburgh, Pa. Regular meetings, fourth Thursday of each month, except June, July and August, Fort Pitt Hotel, Pittsburgh, Pa.

RAILWAY ELECTRICAL SUPPLY MANUFACTURERS' ASSOCIATION.—J. McC. Price, Allen-Bradley Company, 600 W. Jackson Blvd., Chicago, Ill.

RAILWAY FIRE PROTECTION ASSOCIATION.—P. A. Bissell, 40 Broad St., Boston, Mass. Annual meeting, October 18-19, 1938, Palmer House, Chicago, Ill.

RAILWAY FUEL AND TRAVELING ENGINEERS' ASSOCIATION. — T. Duff Smith, 1255 Old Colony Bldg., Chicago, Ill.

RAILWAY SUPPLY MANUFACTURERS' ASSOCIATION.—J. D. Conway, 1941 Oliver Bldg., Pittsburgh, Pa. Meets with Mechanical Division and Purchases and Stores Division, Association of American Railroads.

RAILWAY TELEGRAPH AND TELEPHONE APPLIANCE ASSOCIATION.—G. A. Nelson, Waterbury Battery Company, 30 Church St., New York, N. Y. Meets with Telegraph and Telephone Section of A. A. R.

RAILWAY TIE ASSOCIATION. — Roy M. Edmonds, 903 Syndicate Trust Bldg., St. Louis, Mo.

ROADMASTERS' AND MAINTENANCE OF WAY ASSOCIATION.—C. A. Lichty, 319 N. Waller Ave., Chicago, Ill. Annual meeting, September 20-22, 1938, Hotel Stevens, Chicago, Ill.

SIGNAL APPLIANCE ASSOCIATION.—G. A. Nelson, Waterbury Battery Company, 30 Church St., New York, N. Y. Meets with A. A. R., Signal Section.

SOCIETY OF OFFICERS, UNITED ASSOCIATIONS OF RAILROAD VETERANS. — J. W. O'Neill, Delaware, Lackawanna & Western, Hoboken, N. J. Annual meeting, October 8, 1938, Chicago, Ill.

SOUTHERN AND SOUTHWESTERN RAILWAY CLUB.—A. T. Miller, 4 Hunter St., S. E., Atlanta, Ga. Regular meetings, third Thursday in January, March, May, July, September and November, Ansley Hotel, Atlanta, Ga.

SOUTHERN ASSOCIATION OF CAR SERVICE OFFICERS.—D. W. Brantley, C. of Ga. Ry., Savannah, Ga.

TORONTO RAILWAY CLUB.—D. M. George, P. O. Box 8, Terminal "A." Toronto, Ont. Regular meetings, fourth Monday of each month, except June, July and August, Royal York Hotel, Toronto, Ont.

TRACK SUPPLY ASSOCIATION.—Lewis Thomas, Q. & C. Company, 59 E. Van Buren St., Chicago, Ill. Meets with Roadmasters' and Maintenance of Way Association.

WESTERN RAILWAY CLUB. — C. L. Emerson, C., M., St. P. & P., Chicago, Ill. Regular meetings, third Monday of each month, except June, July, August and September, Hotel Sherman, Chicago, Ill.

Equipment and Supplies

FREIGHT CARS

THE BETHLEHEM MINES CORPORATION has placed an order for seven air-dump cars with The Austin-Western Road Machinery Company.

THE LEHIGH & NEW ENGLAND has placed an order with the American Car & Foundry Co., for the construction of 50 special body, hatchway roof, hopper bottom steel cars of 70 tons' capacity, for bulk cement loading. Inquiry for this equipment was reported in the *Railway Age* of January 29, page 254.

IRON AND STEEL

THE CHICAGO, ROCK ISLAND & PACIFIC is inquiring for 400 tons of structural steel for a bridge at Bureau, Ill.

SIGNALING

WABASH.—Bids will be received at the office of the purchasing agent for the receivers of this road, Railway Exchange building, St. Louis, Mo., until 10:00 a. m., central standard time, on July 19, for the furnishing of signal material to be used in connection with highway grade crossing protection at five crossings in the State of Illinois.

Construction

LEHIGH VALLEY - DELAWARE, LACKAWANNA & WESTERN-ERIE.—Revised plans together with specifications and an estimate of cost of $429,735, exclusive of land and property damages, in connection with the elimination of the Union road crossings of these roads in the Town of Cheektowaga, N. Y., have been approved by the New York Public Service Commission. The commission also authorized the Lehigh Valley, the Delaware, Lackawanna & Western and the Erie to do certain work in connection with the elimination of these crossings by direct employment of labor and purchase of materials at actual cost, limiting the amount on the Lehigh Valley to $40,503, on the Delaware, Lackawanna & Western to $31,300, and the Erie to $23,500.

NEW YORK CENTRAL.—A revised estimate of cost amounting to $199,273 in connection with the elimination of the Eddy and Borden crossings of this road in the towns of Canton and DeKalb, N. Y., has been approved by the New York Public Service Commission.

PENNSYLVANIA.—A contract has been given to the George A. Fuller Company, New York, for the construction of a bulkhead shed, 37th Street yard, piers 77-78 North river, New York.

Supply Trade

A. C. F. Annual Report

The 39th annual report of the American Car & Foundry Co., for the fiscal year ended April 30, 1938, shows, in the consolidated income account of the company and its wholly-owned subsidiaries, net earnings, after all charges, of $753,407 as compared with earnings of $1,210,676 for the preceding fiscal year. Depreciation charges for both years approximate $1,600,000. During the year a dividend of 2½ per cent was paid on preferred stock, but, "in view of the industrial and economic conditions generally prevailing at the close of the year," the company was of the opinion that "it would be unpolitic and unwise to make a dividend declaration in respect to the common capital stock."

President C. J. Hardy reports that equipment buying, which was "in fair volume" in the early part of the A. C. F. fiscal year, dropped off as the year advanced and almost ceased during the last quarter. Thus the company entered upon its current fiscal year with considerably less business on its books than at the year's opening. Mr. Hardy claims that the reason for this is to be found in the conditions confronting the railroads. He writes: "Their plight is still deplorable and heroic action is needed if they, and the many industries dependent upon them, are to be restored to a state of even moderate prosperity."

He then points out that Congress this year so far has done nothing to chart a course for the industry; that even the hope of legislative action that would broaden the powers of the R. F. C. to make loans for the purpose of new equipment purchases failed of enactment. While he is of the opinion that the latter step would not offer a solution of the railroad problem, it would have been a step in the right direction and would have made it possible to substitute modern and up-to-date equipment for present day rolling stock which is either so obsolete or out-of-repair as to make prohibitive the cost of reconstruction. Commenting further, Mr. Hardy writes that the "modernization" of equipment is a necessary element in the rehabilitation of the railroad systems and the restoration to them of the measure of prosperity to which, in all justice, they are entitled."

The Republic Steel Corporation, Cleveland, Ohio, has appointed the **Union Hardware and Metal Company,** Los Angeles, Cal., its distributor of stainless steel.

E. F. Tegtmeyer, assistant manager of the railway sales division of the **Standard Oil Company of Indiana,** retired on company annuity on July 1, after 23 years' service.

The Union Switch & Signal Company announces the temporary closing of its Montreal (Que.) office, effective July 31. Correspondence usually forwarded to the Montreal office should be addressed to the Union Switch & Signal Company, Empire State Bldg., New York. After July 31, **E. S. Berry** will be at the New York office as assistant district manager.

Charles V. Allen, treasurer of the **Westinghouse International Company,** New York, since 1925, has retired after 45 years' continuous service with Westinghouse companies, of which 38 years was in the export field.

The Jones & Laughlin Steel Corporation, Pittsburgh, Pa., on July 1, began operation in a new plant at Muncy, Pa., known as the **Gilmore Wire Rope Division** of the Jones & Laughlin Steel Corporation. **Robert Gilmore** is general manager at the plant.

Calvin Verity, executive vice-president and assistant general manager of the **American Rolling Mill Company,** Middletown, Ohio, has been elected executive vice-president and general manager; **W. W. Sebald,** vice-president in charge of commercial activities has been elected vice-president and assistant general manager.

C. D. Hicks, president of **C. D. Hicks and Company,** St. Louis, Mo., has been appointed sales representative of the **Aladdin Lubricator Co., Inc.,** Berkeley, Cal., for the Southerly and Southwest territory. The **Lundie Engineering Corp.,** New York, has been appointed sales representative for all territory east of Chicago.

Arthur R. Allard has been elected vice-president in charge of manufacturing, of the **General Steel Castings Corporation,** Eddystone, Pa. Mr. Allard was with the Westinghouse Electric & Manufacturing Company for 22 years, his latest position with that company having been works manager at the South Philadelphia works.

OBITUARY

Frederick R. Angell, since 1935 president of the Northern Malleable Iron Company, St. Paul, Minn., died on June 10, at the age of 67 years.

Robert H. McElroy, vice-president of the Standard Oil Company of Indiana, Chicago, died at the Evanston hospital on June 25, following an illness of several months, at the age of 61 years.

Edward A. Everett, president of E. A. Everett, Inc., Long Island City, N. Y., manufacturer of railway signal supplies, died at his home in New York City on June 27, at the age of 66 years. Mr. Everett entered the employ of the Michigan Central at an early age in the signal department before automatic block signals were in general use and rose through the ranks until he became signal engineer of that road. He engaged in various activities for the improvement of equipment suitable to railroad operations and then was, for a short time, engaged in the manufacture of automobile parts, but soon returned to the railroad supply business. Mr. Everett was the inventor of a variety of rail devices including a power track drilling machine for rail bonding, lightning arrestors and other apparatus, upon which he obtained about 75 United States patents.

Financial

ASSOCIATED.—*Dismissal of RFC Loan.*—The Interstate Commerce Commission, Division 4, has dismissed the application of this company for a Reconstruction Finance Corporation loan in the sum of $7,200,000. This action was necessitated by the fact that the commission has denied the application of this company to dismember the Minneapolis & St. Louis and purchase various segments of the road for $7,200,000. A review of the decision of the commission was carried in the *Railway Age* for June 18, page 1017.

ATCHISON, TOPEKA & SANTA FE.—*Omits Dividend.*—This company has omitted its dividend on its preferred stock and has deferred action on the payment of interest on its 4 per cent adjustment bonds.

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC—*Trust certificates.*—Trustees of the Chicago, Milwaukee, St. Paul & Pacific on June 28 were authorized by the federal district court at Chicago to pay 20 per cent of the principal amount of equipment trust certificates due July 1. The court denied the trustees petition for permission to pay $250,000 of Bedford Belt Railway first mortgage bonds, also due on that date. The equipment trust payment totals $810,000.

COLORADO & SOUTHERN.—*Abandonment.*—The Interstate Commerce Commission, Division 4, has extended until December 31, 1938, the effective date of the abandonment by this company of its Clear Creek lines between Idaho Springs, Colo., and Silver Plume.

DENVER & RIO GRANDE WESTERN. — *Abandonment.*—The trustees have applied to the Interstate Commerce Commission for authority to abandon a line extending from Reliance Junction, Colo., to Ojo, 5.4 miles.

KANSAS, OKLAHOMA & GULF.—*Lease.*—The Interstate Commerce Commission, Division 4, has approved a lease by this company of the properties of the Kansas, Oklahoma & Gulf of Texas.

LEHIGH & NEW ENGLAND.—*Abandonment.*—The Interstate Commerce Commission, Division 4, has authorized this company to abandon its so-called Saylorsburg branch which extends northerly from the point of connection with the company's main line at Saylorsburg Junction, Pa., to the end of the branch in Saylorsburg, 5.1 miles.

MISSOURI-KANSAS-TEXAS. — *Bonds.* — The Interstate Commerce Commission, Division 4, has authorized this company to pledge and repledge from time to time to and including June 30, 1940, as collateral security for short-term notes, $13,152,600 of prior lien mortgage five per cent bonds, series E.

MISSOURI PACIFIC. — *Reorganization.* — John W. Stedman, Philip A. Benson, George W. Bovenizer, Frederick W. Ecker, Fred P. Hayward, Alfred H. Meyers, Sterling Pierson, John C. Traphagen, and

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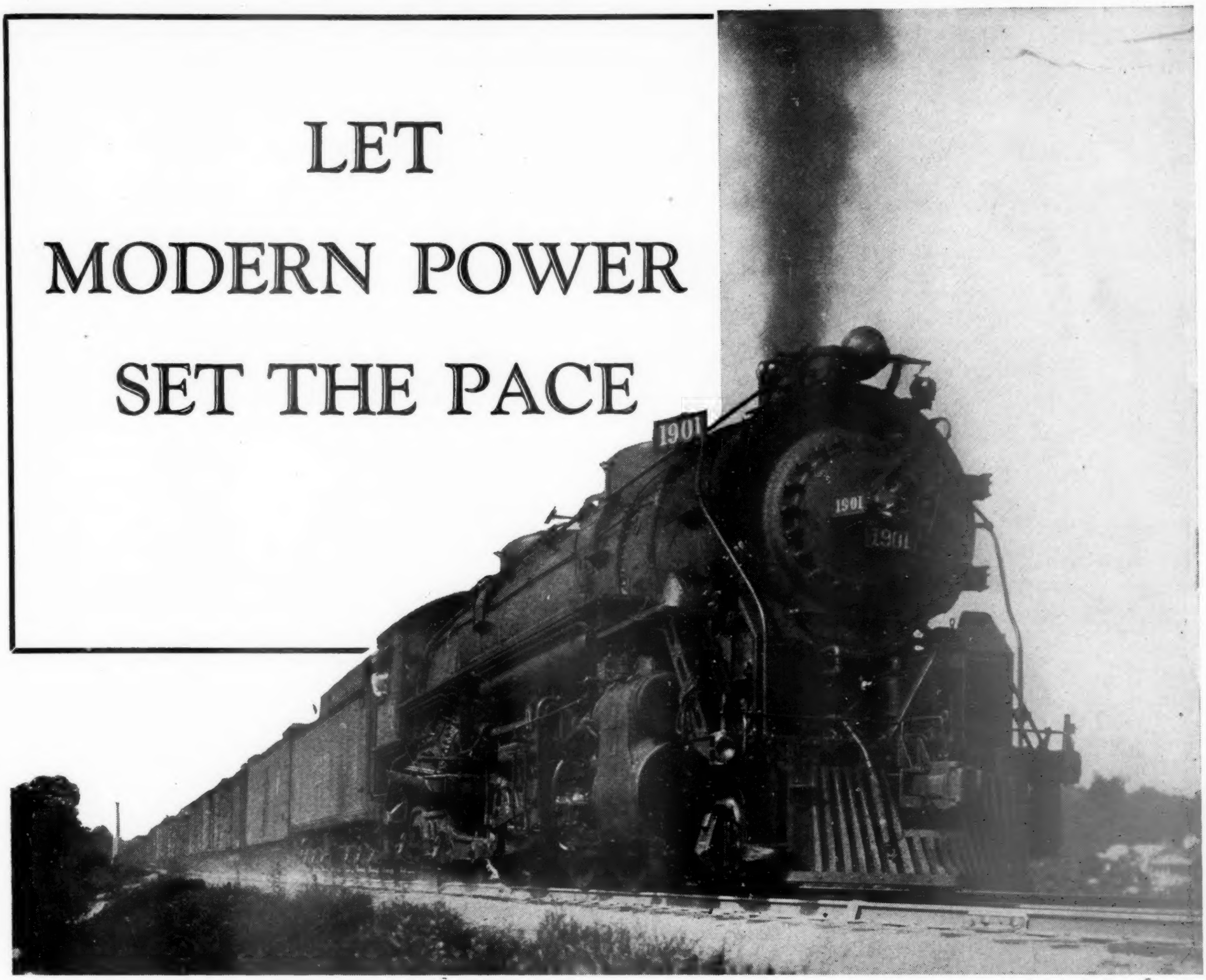
LET MODERN POWER SET THE PACE



Modern Locomotives move more tons faster—they save time. They bring more tons to the end of the run quicker and with smoother operation. They cause less interference with other units that are moving. They accelerate traffic, and in the quickening of movement, they improve operating standards and make increased use of every operating factor.

Such power does not increase present driving wheel load and is far less expensive to maintain.

LIMA
LOCOMOTIVE WORKS
INCORPORATED

LIMA LOCOMOTIVE WORKS, INCORPORATED, LIMA, OHIO

Frederick W. Walker have asked the Interstate Commerce Commission for authority to continue to solicit proxies in connection with the reorganization proceedings of this company.

Missouri Pacific.—*SEC Report.*—The Securities and Exchange Commission has released a report of its trial examiner Richard Townsend in the proceeding against this company by the commission to determine whether or not registration of the common and five per cent preferred stock of the company should be suspended or withdrawn from the New York Stock Exchange. The commission had previously charged that the financial statements of the company filed in the original registration statement and annual reports for the years 1935 and 1936 failed to reflect the true financial condition of the company in that there was no disclosure made of an unpaid balance of about $14,000,000 on a principal sum of $15,965,201 under a contract with the Terminal Shares, Inc. It was also contended by the SEC that the annual report for 1936 failed to disclose the performance of the Terminal Shares contracts.

The trial examiner, in his report, which is advisory only, said that the "finding and conclusion is inevitable that these balance sheets are false, misleading and incorrect in material respects." It was also his opinion that the weight of testimony "abundantly" supports the conclusion that the liability under the Terminal Shares contracts was of an absolute and material nature, requiring its disclosure on the face of the balance sheet. The examiner went on to say that the evidence established "that these material omissions were a part of a studied effort by certain persons connected with the Missouri Pacific and directing its destinies to avoid disclosing the terms of the contracts and a substantial liability imposed thereunder, not only to the ICC, the RFC and this commission, but also to purchasers of Missouri Pacific securities."

New Orleans, Natalbany & Natchez.—*Abandonment.*—This company has applied to the Interstate Commerce Commission for authority to abandon operations under trackage-right contracts over line of the Natalbany Lumber Company, Ltd., between Woodhaven, La., and Bodley, 3.6 miles and between Grangeville, La., and Slaughter, 18 miles. The company has also asked permission to abandon its entire line between Natalbany, La., and Grangeville, 29 miles.

New York Central. — *Bonds of the Boston & Albany.*—The Boston & Albany has applied to the Interstate Commerce Commission for authority to issue $3,015,000 of 4½ per cent mortgage bonds, due July 1, 1948. The New York Central has asked the commission for authority to act as guarantor for the bonds.

New York, New Haven & Hartford.—*Equipment Trust Certificates.* — The trustees have asked the Interstate Commerce Commission for authority to assume liability for $1,640,000 of four per cent equipment trust certificates, maturing in equal annual installments of $164,000 on August 1, in each of the years from 1939 to 1948.

New York, New Haven & Hartford.—*Abandonment.*—The Interstate Commerce Commission, Division 4, has denied the application of the trustees to abandon a branch line extending from Litchfield, Conn., to Hawleyville, 32.3 miles. The majority of Division 4 found that there was public need for this service and that the operation of the branch had not burdened the system in the past. The decision also cautioned interested shippers to the effect that if traffic was diverted from the branch to competing forms of transportation and revenues become insufficient to pay the ordinary expenses of operation, the railroad cannot be expected to continue the operation "for the benefit of those few who are forced to use the line or find it convenient on certain occasions."

Commissioner Mahaffie dissented from the majority opinion, pointing out that the trustees had asked for the authority to abandon the line only after they had made a comprehensive study of the line and had decided that it was unprofitable to continue the operation. He also said that the application was based not only on the losses suffered in operating the branch up to this time and the prospect of continued losses in the future but also on the cost of rehabilitating the property if it is to be continued in operation.

Commenting on that portion of the majority opinion which cautions shippers not to divert traffic to competing forms of transportation, Commissioner Mahaffie asserted that "This is somewhat belated because the traffic the line was built to serve has already, for the most part, been diverted or has disappeared. Traffic so thin as that remaining on this branch can not reasonably be expected to support railroad operations. Trucks now handle most of the traffic to points on the line. The shippers in this territory have largely deserted the railroad. The estate ought not to be required to maintain it for their occasional or emergency use."

Norfolk & Western.—*Dividend.*—In declaring a quarterly dividend of $2.50 on its common stock this week, the company issued a statement explaining that common dividends would probably not be fully earned and that a part of the funds required to meet them would be drawn from surplus.

Pennsylvania.—*Equipment Trust Certificates.*—This road has applied to the Interstate Commerce Commission for authority to assume liability as guarantor of $6,330,000 of equipment trust certificates, Series I. The company received bids up to June 29, for the purchase of the certificates. Bids were asked on two interest bases—2½ per cent and 2¾ per cent. Proceeds are to be used to finance the construction of 1,000 gondola cars, 8 special-type freight cars, 2 experimental passenger coaches and 20 electric passenger locomotives, the total cost of which will be approximately $8,440,000. It is announced that this is the first new financing by the road this year.

Reading.—*Dividend.*—This company has declared a dividend of 25 cents on its common stock, comparing with 50 cents paid previously.

St. Louis-San Francisco. — *Abandonment.*—The St. Louis, San Francisco & Texas has applied to the Interstate Commerce Commission for authority to abandon operations over 129.3 miles of line, including the 93.5-mile line of the Gulf, Texas & Western between Seymour, Tex., and Salesville Junction, and the 30.8-mile line of the Weatherford, Mineral Wells & Northwestern between Salesville Junction and Weatherford. The same application seeks authority for the Gulf, Texas & Western to abandon its entire line between Seymour and Salesville Junction.

Seaboard Air Line.—*Securities of Tavares & Gulf.*—The Tavares & Gulf has applied to the Interstate Commerce Commission for authority to extent to March 1, 1948, the time for payment of the principal of its first mortgage 10-year, 5 per cent bonds, Series A, outstanding in the amount of $425,000; and to issue 678 shares of common stock to the S. A. L. receivers in payment for advances and interest thereon totaling $67,800. The bonds involved became due on September 1, 1935, and no interest has been paid since September, 1934. The proposed extension agreement contemplates a waiver of interest from September 1, 1934, to March 1, 1937, and reduction of the rate to 3 per cent, which would be paid from March 1, 1937, to the proposed March 1, 1948, maturity date.

Visalia Electric.—*Abandonment of Operation.*—Examiner R. Romero of the Interstate Commerce Commission, in a proposed report to the commission, has recommended that it deny the application of this company to abandon operation, under trackage rights, over the part of a line of railroad of the Fresno Traction Company extending from a point of connection with a line operated by the Southern Pacific near the intersection of North Fifth Street and East Tulare Street to a point on Ventura Avenue, 17,003 feet, all in and near Fresno, Calif.

Average Prices of Stocks and Bonds

	June 28	Last week	Last year
Average price of 20 representative railway stocks..	25.19	22.01+	48.97
Average price of 20 representative railway bonds..	56.33	53.63	77.45

Dividends Declared

Atchison, Topeka & Santa Fe.—No action taken.

Carolina, Clinchfield & Ohio.—$1.25, quarterly, payable July 20 to holders of record July 9.

Norfolk & Western.—$2.50, quarterly, payable September 19 to holders of record August 31; Preferred, $1.00, quarterly, payable August 19 to holders of record July 30.

Pittsburgh, Cincinnati, Chicago & St. Louis.—$2.50, semi-annually, payable July 20 to holders of record July 9.

Reading Company.—25¢, quarterly, payable August 11 to holders of record July 14; First Preferred, 50¢, quarterly, payable September 9 to holders of record August 18; Second Preferred, 50¢, quarterly, payable October 13 to holders of record September 22.

Richmond, Fredericksburg & Potomac.—Voting Common, 50¢, semi-annually; Non-Voting Common, 50¢, semi-annually; Dividend Obligation, 50¢, semi-annually, all payable June 30 to holders of record June 18.

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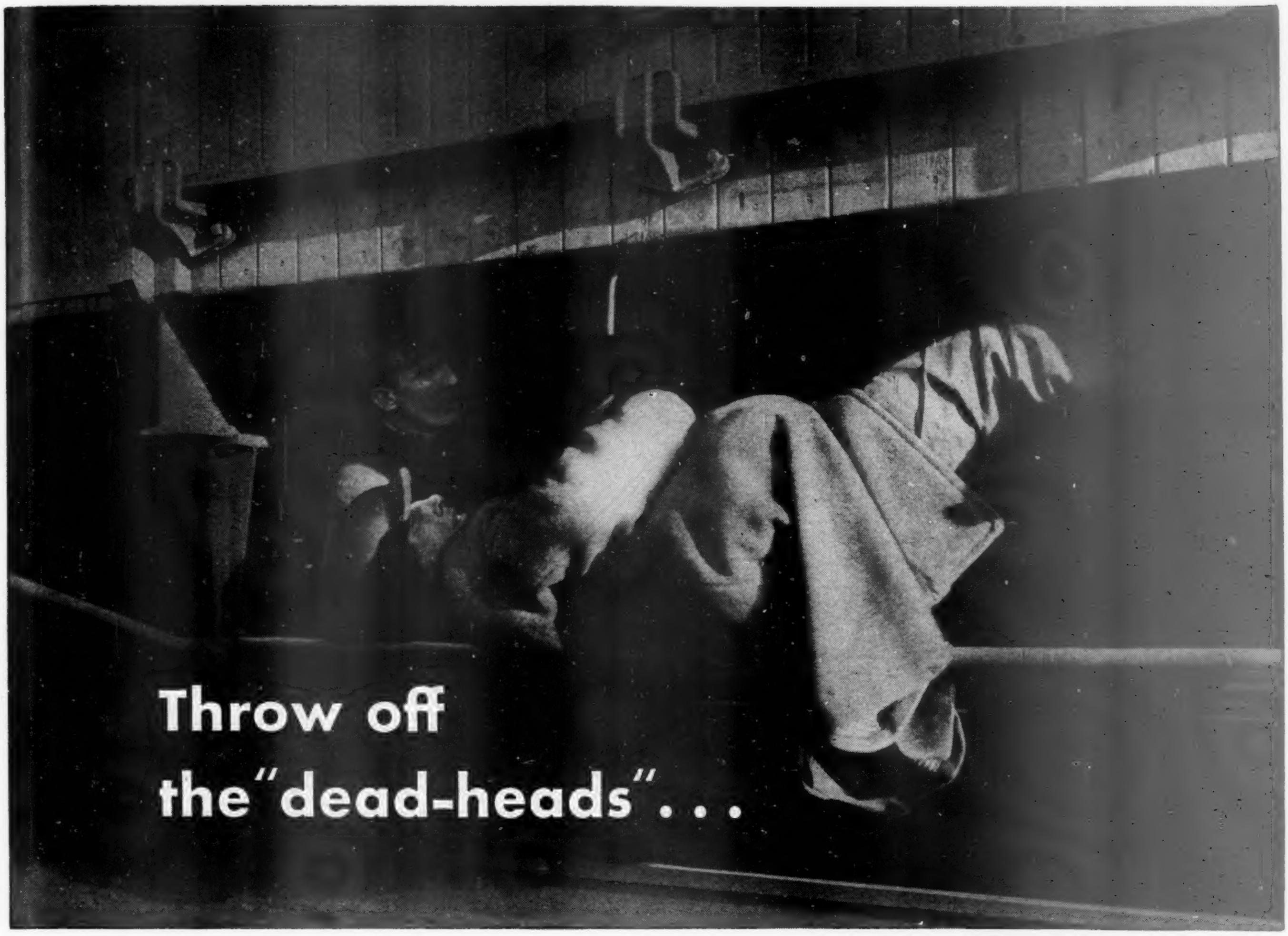

Throw off
the "dead-heads" . . .

Railway Officers

EXECUTIVE

L. C. Porter, general agent of the terminal warehouse of the Texas & Pacific at Fort Worth, Tex., has been promoted, effective July 1, to assistant to the president, with joint headquarters at New Orleans, La., and at Dallas, Tex. **O. B. Webb,** assistant to the president with headquarters at New Orleans, has taken a leave of absence effective the same date.

FINANCIAL, LEGAL AND ACCOUNTING

Gordon Chambers, real estate agent of the Reading Company, with headquarters at Philadelphia, Pa., has been retired after 54 years of service. The jurisdiction of **W. W. James,** real estate and tax agent of the Central of New Jersey at Jersey City, N. J., has been extended to include

W. W. James

the Reading Company, with headquarters at Philadelphia. **A. W. Tuttle** has been appointed assistant real estate agent of the Reading, with headquarters at Philadelphia. **R. C. Slack** has been appointed assistant real estate agent of the Central of New Jersey, with headquarters at Jersey City.

Mr. James entered the service of the Central of New Jersey as a transitman on April 6, 1903. On January 1, 1912, he became resident engineer and three years later, assistant engineer. On October 15, 1919, Mr. James became assistant valuation engineer and on March 1, 1921, valuation engineer. Mr. James was appointed real estate, tax agent and valuation engineer.

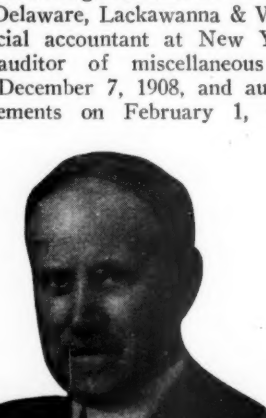
Mr. Chambers began his service with the Reading as a rodman in the engineering department in 1884 and became real estate agent on August 1, 1923.

Philip D. Jonas, assistant comptroller of the Delaware, Lackawanna & Western, with headquarters at New York, has been promoted to comptroller, succeeding **Robert B. Ferguson,** who has retired after 44 years of railroad service. **Ralph S. Bird,** supervisor of contracts and insurance, has been promoted to assistant to the comptroller. Mr. Jonas was born on

P. D. Jonas

January 17, 1891, in New York and was educated in the public schools of that city and Columbia and City Colleges. He entered railroad service on June 15, 1912, as a clerk in the accounting department of the Lackawanna, and was appointed auditor of the Moore Timber Company (D. L. & W. subsidiary) in March, 1916, with headquarters at Bay Harbor, Fla. Mr. Jonas was elected secretary and treasurer of that company in May, 1919, in charge of operations. The Moore Timber Company was sold by the Lackawanna in March, 1920, when Mr. Jonas re-entered railroad service as chief statistician. He was promoted to assistant comptroller on October 1, 1930, the position he held at the time of his recent appointment.

Mr. Ferguson was born at Ontario, Canada, in 1864, and commenced his railway career in August, 1894, with the Minneapolis & St. Louis, at Minneapolis. In May, 1900, Mr. Ferguson entered the service of the Delaware, Lackawanna & Western as special accountant at New York, becoming auditor of miscellaneous accounts on December 7, 1908, and auditor of disbursements on February 1, 1914.



R. B. Ferguson

During the period of federal control Mr. Ferguson was the corporate auditor. Upon return of the railroads to private management he was appointed general auditor on March 1, 1920. He was promoted to comptroller on October 1, 1930.

Mr. Bird entered the service of the Lackawanna in October, 1909, as stenographer and clerk in the accounting department, and became special accountant in November, 1918. In December, 1930, he was appointed registrar of contracts.

H. E. Paisley, treasurer of the Reading Company, with headquarters at Philadelphia, Pa., has retired after 54 years of service. **J. V. Hare,** secretary, has been elected secretary and treasurer. **D. D. Weikert,** assistant secretary, has been appointed assistant secretary and assistant treasurer. R. M. Robinson will continue as assistant treasurer. **Edward Dixon,** assistant freight claim agent, has been appointed freight claim agent at Philadelphia, succeeding **Thomas C. Smith,** who has been retired after 47 years of service.

Mr. Hare entered the service of the Reading as an office boy in the passenger department on September 1, 1897, and two years later was transferred to the secretary's office as clerk. In January, 1906, Mr. Hare became chief clerk in the secre-

J. V. Hare

tary's office and on October 12, 1912, was appointed secretary.

Mr. Smith was born at Point Pleasant, N. J., on September 12, 1865, and entered railway service on April 1, 1891, as tracing clerk for the Central of New Jersey. He became freight claim agent of the Reading and the C. N. J. on December 18, 1933.

Mr. Paisley entered the service of the Reading as a clerk in 1883. He has been treasurer of the Reading Company for 30 years.

OPERATING

J. B. Hilton, chief clerk to the general manager of the St. Louis-San Francisco at Springfield, Mo., was promoted, effective June 16, to the newly-created position of assistant to general manager, with the same headquarters.

A. W. Deleen, superintendent of dining cars on the Great Northern, with headquarters at St. Paul, Minn., has been promoted to general superintendent of dining cars, succeeding **J. A. Blair,** who retired July 1. **Edwin W. Tackell,** inspector of dining cars, with headquarters

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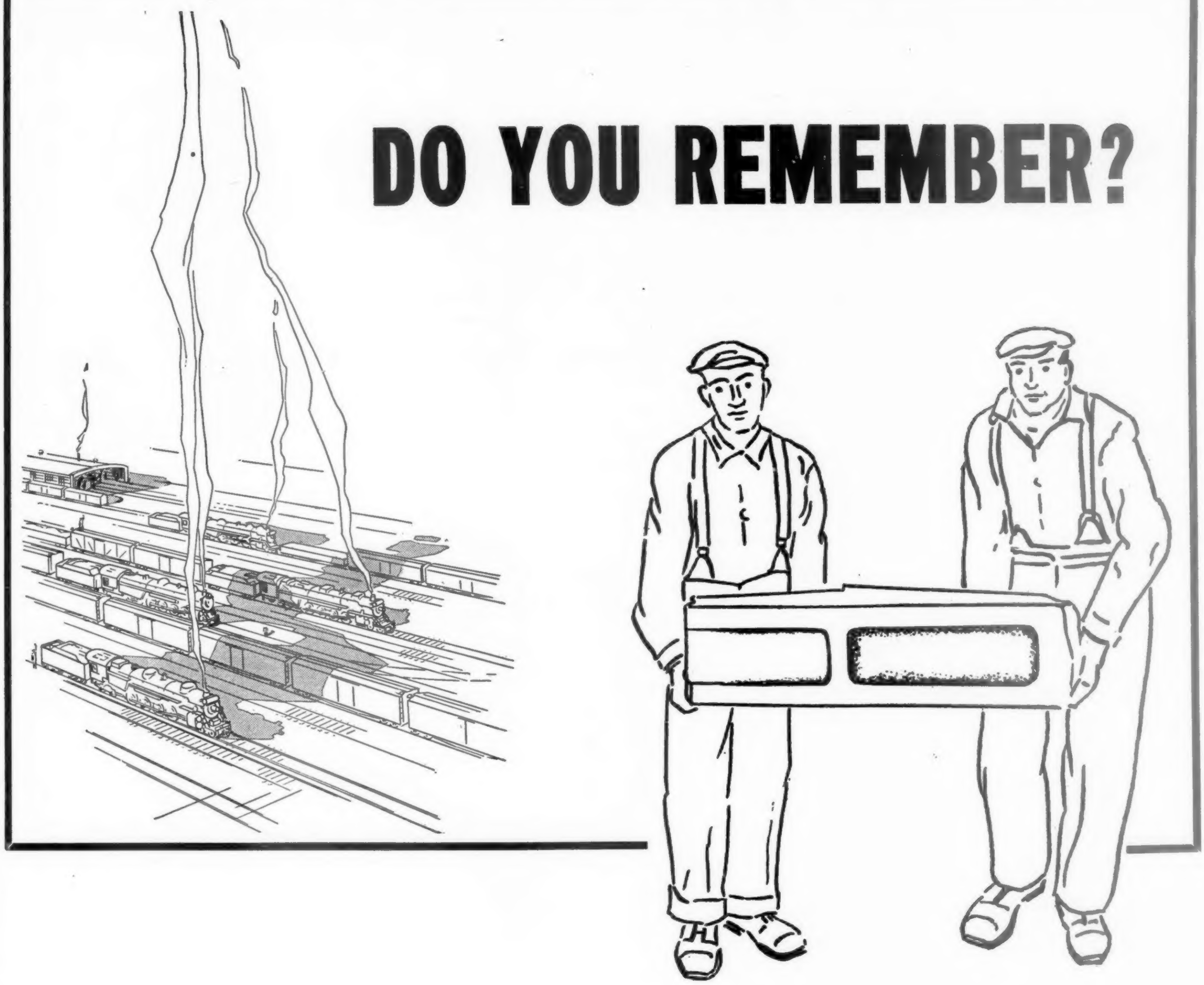
DO YOU REMEMBER?



at St. Paul has been advanced to superintendent of dining cars, replacing Mr. Deleen.

W. G. Strachan, master mechanic on the Canadian National, with headquarters at Allandale, Ont., has been appointed assistant superintendent of the Allandale division, with the same headquarters, succeeding **J. H. Duff,** deceased.

C. W. Mack, assistant manager, Port Richmond terminal, Reading Company, with headquarters at Philadelphia, Pa., has been appointed manager, Port Richmond terminal, to succeed **F. Jasperson,** who has been retired after 47 years of service.

R. J. Yost, roadmaster on the Atchison, Topeka & Santa Fe, with headquarters at Chillicothe, Ill., has been promoted, effective July 1, to trainmaster of the Illinois division with the same headquarters, succeeding **C. D. Notgrass,** whose promotion to superintendent of the Southern Kansas division was reported in the *Railway Age* of June 25.

C. D. Notgrass, trainmaster on the Illinois division of the Atchison, Topeka & Santa Fe, with headquarters at Chillicothe, Ill., whose promotion to superintendent of the Southern Kansas division at Chanute, Kan., was reported in the *Railway Age* of June 25, started railway service on May 3, 1906, as a machinist helper on the Santa Fe at Emporia, Kan., and transferred to La Junta, Col., in April, 1907. On June 6, 1907, he became a brakeman at La Junta, and on February, 1907, he transferred to Amarillo, Tex. In January, 1910, he went to Emporia, and on December 16, 1912, he was promoted to conductor. On August 20, 1923, he was promoted to yardmaster at Augusta, Kan., and on November 30, 1923, he again became a conductor. Mr. Notgrass was promoted to acting trainmaster at Abilene, Kan., on April 8, 1925, and on December 1, 1926, he was advanced to trainmaster at that point. On November 10, 1928, he was transferred to

C. D. Notgrass

Chanute, Kan., and on October 1, 1937, he was transferred to Chillicothe, where he will serve as trainmaster until July 1.

G. C. Jefferis, whose promotion to assistant general manager of the Northern district, western lines, of the Atchison, Topeka & Santa Fe, with headquarters at La Junta, Col., was reported in the *Railway Age* of June 25 was born in Philadelphia, Pa., on September 27, 1889, and entered railway service on December 4, 1903, as a telegraph operator on the Pennsylvania. On March 28, 1911, he left the Pennsylvania to go with the Santa Fe as a chainman at Amarillo, Tex., and served successively at various locations in Texas and New Mexico in the engineering and maintenance of way departments as a rodman, transitman, draftsman, assistant extra gang foreman, and an extra gang foreman. In August, 1916, Mr. Jefferis was promoted to roadmaster, with headquarters at Plainview, Tex., and on June 16, 1917, he was further advanced to division engineer, with headquarters at Clovis, N. M. In February, 1924, he was promoted to assistant superintendent of the Middle division, with headquarters at Newton, Kan., and in September, 1935, he was advanced to superintendent of the Slaton division, with headquarters at Slaton, Tex. He was transferred to the Oklahoma division, with

G. C. Jefferis

headquarters at Arkansas City, Kan., on July 25, 1936, and continued to hold that position until his promotion on July 1.

TRAFFIC

W. D. Braggins, assistant general agent on the Texas & Pacific with headquarters at Dallas, Tex., has been appointed general agent at that point.

R. O. Hambly, assistant general freight agent of the Duluth, South Shore & Atlantic, with headquarters at Marquette, Mich., has been promoted to traffic manager at Duluth, Minn., succeeding **S. R. Lewis,** who retired on July 1.

N. L. Rankin, whose promotion to assistant traffic manager of the Texas & Pacific at Los Angeles, Cal., was reported in the *Railway Age* of June 25, was born at Patterson, Tex., on December 8, 1888, and began railroad service on February 23, 1907, as a yard clerk for the Houston & Texas Central (now part of the Southern Pacific). He served in various clerical positions until February 27, 1911, when he was appointed cashier-ticket agent, at Hempstead, Tex., and on January 8, 1917, he was transferred to El Paso Tex., as station cashier. On April 19, 1921, he left the Southern Pacific to go with the Texas & Pacific as soliciting freight agent, with

N. L. Rankin

headquarters at El Paso, and on May 1, 1922, he was appointed traveling freight agent, with headquarters at Dallas, Tex. Mr. Rankin was promoted to general traveling freight agent in 1924, and on July 5, 1926, he was appointed general agent at Dallas. On November 1, 1931, he was appointed assistant general freight agent at that point, the position he held at the time of his recent promotion.

James M. Bann, traveling freight agent of the Chicago, Rock Island & Pacific, with headquarters at Minneapolis, Minn., has been promoted to general agent at Duluth, Minn., succeeding **J. B. Rayn,** whose death on June 11 was reported in the *Railway Age* of June 18.

ENGINEERING AND SIGNALING

Clark Dillenbeck, chief engineer of the Reading, with headquarters at Philadelphia, Pa., has been retired after 48 years of service. The jurisdiction of **A.**

A. E. Owen

E. Owen, chief engineer of the Central of New Jersey at Jersey City, N. J., has been extended to include the Reading Company, with headquarters at Philadelphia. **E. Y. Allen,** special engineer of the Reading, at Philadelphia, has been appointed assistant

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chief engineer of the road, with the same headquarters. **A. M. Zabriskie,** principal assistant engineer of the Central of New Jersey, at Jersey City, has been appointed assistant chief engineer of that road, with the same headquarters. The positions of special engineer, Reading Company, and principal assistant engineer, the Central of New Jersey, have been abolished.

Mr. Owen was graduated from Rutgers University and entered the service of the Central of New Jersey as a draftsman in the tax agent's department on May 8, 1898, and a year later was transferred to the engineering department in a similar capacity. In August, 1901, Mr. Owen became assistant engineer and was named principal assistant engineer six years later. On July 1, 1916, Mr. Owen was appointed chief engineer of the Central of New Jersey.

MECHANICAL

A. MacDonald has been appointed master mechanic of the Hornepayne division of the Canadian National, with headquarters at Hornepayne, Ont., succeeding **J. Hawkins,** who has been transferred in the same capacity to the Allandale division with headquarters at Allandale, Ont., succeeding **W. G. Strachan,** whose appointment as assistant superintendent of the Allandale division is noted elsewhere in these columns.

Martin E. Fitzgerald, general car inspector of the Chicago & Eastern Illinois at Danville, Ill., whose promotion to master car builder, with headquarters at Chicago, effective July 1, was announced in the *Railway Age* of June 25, was born at Boston, Mass., on March 5, 1886, and entered railroad service in 1901 in the car building and repair shops of the Merchants Dispatch Transportation Co., in East Rochester, N. Y., and subsequently worked as a car builder in the contract shop of the Pressed Steel Car Co., at Butler, Pa., the Standard Steel Car Co., at McKees Rock, Pa., and the Pullman Car Co. at Chicago. In 1908 he went with the Gulf, Colorado & Santa Fe as a car repair man at Cleburne, Tex., and in 1909 he was promoted to car foreman. In 1913 Mr. Fitzgerald left the

Martin E. Fitzgerald

G. C. & S. F. to go with the C. & E. I. as car foreman, with headquarters at Danville, and in 1914 he was promoted to general car inspector, the position he held until his promotion on July 1.

PURCHASES AND STORES

Warren W. Kelly, chief engineer of the Western lines of the Atchison, Topeka & Santa Fe, at Amarillo, Tex., has been promoted, effective July 1, to general purchasing agent of the Santa Fe system, with headquarters in Chicago, succeeding **J. J. Conn,** whose death on April 28 was reported in the *Railway Age* of May 7.

Mr. Kelly was born at Winfield, Kan., on November 30, 1885, and attended Washburn Academy at Topeka, Kan., and the Rose Polytechnic Institute at Terre Haute, Ind., graduating from the latter in 1907. He first entered railway service as a chainman on the Santa Fe during the summers of 1903 and 1906, and after graduation reentered the engineering service of the Santa Fe in September, 1907, as a chainman. Mr. Kelly subsequently served as a rodman, transitman, assistant engineer, pilot engineer, and chief pilot engineer, and in May, 1917, he was promoted to division engineer at Albuquerque, N. M., and in October, 1919, he was transferred to Los Angeles.

Warren W. Kelly

In November, 1921, he was promoted to engineer of the grand division, with jurisdiction over four divisions and in February, 1924, he was advanced to district engineer of the Coast lines at Los Angeles. On September 1, 1929, Mr. Kelly was promoted to chief engineer of the Western lines, with headquarters at Amarillo, the position he has held until his recent promotion.

OBITUARY

Rufus D. Heusner, general coal freight agent of the Reading Company, with headquarters at Philadelphia, Pa., died on June 29, at 56 years of age.

Benjamin L. Birkholz, who retired on May 26 as general agent Southern Pacific, at New York, died on June 23 at his home in Colonia, N. J., at the age of 66.

G. P. MacLaren, general tie and timber agent of the Canadian National, with headquarters at Montreal, Que., died on June 26 at the Royal Victoria hospital, after several months of illness. Mr. MacLaren was born at London, Ont., on April 4, 1878, where he received his education at the Collegiate Institute and Huron College. He served apprenticeship in civil engineering with various railways at St.

G. P. MacLaren

Thomas, Ont., Sault Ste. Marie and Bridgewater, N. S., and in 1906 joined a predecessor company of the Canadian National as division engineer at Quebec. Three years later he served in the same capacity with the Grand Trunk at Port Hope, Ont. In 1911 he was appointed district engineer with that company at North Bay, Ont., and in 1915 became division engineer again at Toronto. After war service he resumed his position with the railway as district engineer at Toronto. In 1921 Mr. MacLaren was appointed engineer maintenance of way, Canadian National, at Toronto, and in 1926 was transferred to Montreal to take the position he held at the time of his death.

Herbert S. Clarke, engineer maintenance of way of the Delaware & Hudson, with headquarters at Albany, N. Y., died on June 25, at Boston, Mass., following an operation.

Frank R. Coates, chief engineer of the Chicago Great Western from 1899 to 1904 and more recently associated with Henry L. Doherty & Co., in public utility management, died on June 27 at Avon, N. J., after a two weeks' illness.

Joseph T. Fitzgerald, assistant superintendent of transportation of the Chesapeake & Ohio with headquarters at Columbus, Ohio, and formerly superintendent of transportation on the Hocking Valley, died on June 3.

Lester Raymond Knapp, assistant freight traffic manager of the Erie, with headquarters at Cleveland, Ohio, died on June 23 at St. Luke's Hospital, after an illness of five days. Mr. Knapp was born at Honesdale, Pa., in 1882, and started his railroad career with the Erie in March, 1900, as helper at Honesdale. He then served successively as telegraph operator, ticket agent, agent, traveling freight agent, division freight agent and milk freight agent. Mr. Knapp was appointed general agent at Newark, N. J., in December, 1927 and assistant general freight agent at Pittsburgh, Pa., in May, 1928. He became assistant freight traffic manager at Cleveland in September, 1931.